## AL BAIK FAST FOOD DISTRIBUTION CO SAE v. EL BAIK FOOD SYSTEMS CO SA & ANOTHER APPEAL

COURT OF APPEAL, PUTRAJAYA
HAMID SULTAN ABU BACKER JCA
PRASAD SANDOSHAM ABRAHAM JCA
ASMABI MOHAMAD JCA
[CIVIL APPEALS NO: W-02(IPCV)(A)-401-03-2015 &
W-02(IPCV)(A)-1653-10-2015]
11 AUGUST 2016

***INTELLECTUAL PROPERTY:*** *Trade marks – Registered trade mark – Expungement and removal of – Application for – Rightful owner of trade mark – Whether established – Non-use of trade mark by Saudi company – Saudi company had never operated business in Malaysia in relation to trade marks while Egyptian company operating business in Malaysia using said trade mark – Whether Egyptian company acquired distinctive goodwill and reputation – McLaren's test – Whether threshold requirement of aggrieved person satisfied – Saudi company failed to show it had genuine and present intention to use marks in course of trade in Malaysia – Whether Saudi company's trade mark ought to be expunged or removed – Trade Marks Act 1976, ss. 45 & 46*

A company in Egypt ('the Egyptian company) was operating a restaurant business under the 'ALBAIK' trade mark while a company based in Saudi Arabia ('the Saudi company') has a restaurant business in Jeddah under the same mark. Two appeals arose herein. Appeal 401 was an appeal by the Egyptian Company in respect of the judgment of the trial judge allowing an application made by the Saudi company pursuant to s. 45 of the Trade Marks Act 1976 ('TMA 1976') to expunge the registered trade marks on grounds that: (i) the Egyptian company was not the rightful owner or had registered it in bad faith, contrary to s. 25(1) of TMA 1976; and (ii) the Egyptian company trade marks were confusingly similar to that of the Saudi Company and this would cause confusion to the trade and public in Malaysia, contrary to s. 14(a) to (g) and/or s. 19(1)(a) and/or (b) of TMA 1976. It was the contention of the Saudi company that its trade marks were well known in Malaysia and around the world and that the Egyptian company was not entitled to register the trade marks in Malaysia. However, the Egyptian company alleged that the Saudi company had never operated any restaurant business in Malaysia related to the trade marks in issue, notwithstanding that it had registered its trade marks in Saudi Arabia in 1987 and subsequently had registered the trade marks as 'ELBAIK' in 1997 in Malaysia. It was only sometime in the year 2008 that the Saudi company had filed an application to register in Malaysia as 'ALBAIK.' However, the Egyptian company had registered its trade marks ALBAIK in Egypt and subsequently registered the trade marks in Malaysia in 2005 and was operating its restaurant business

here. Since it was not in dispute that the Saudi company did not use its trade marks in Malaysia to operate its business, the Egyptian company made the application to remove the Saudi company's trade marks pursuant to s. 46(1)(a) and/or (b) of TMA 1976 on the grounds of non-use of 'ALBAIK' trade mark. The grounds relied upon was that (i) the Egyptian company was an aggrieved person; (ii) Saudi company had registered the marks in bad faith; (iii) Saudi company did not use 'ALBAIK' trade marks which were registered in Malaysia contrary to s. 46(1)(a) of TMA 1976; and (iv) the mark was not used for a continuous period of not less than three years plus one month in relation to the registered goods or services. The trial judge allowed the Egyptian company's application and hence, the Saudi company appealed against the said decision *via* Appeal 1653. A situation arose herein where the decision of the High Court allowing a s. 45 application by the Saudi company and s. 46 application by the Egyptian company had led to both the Saudi and Egyptian companies' trade marks being not protected under the Trade Marks Act 1976.

**Held (allowing Appeal 401; dismissing Appeal 1653)**
**Per Hamid Sultan Abu Backer JCA delivering the judgment of the court:**

**(1)** Section 45 application relates to expunging, *etc*. of a registered trade mark on the basis it was entered without sufficient cause etc while s. 46 relates to removal of a registered trade mark on the grounds of non-use *etc*. Both sections require the applicant to be an aggrieved person. (para 64)

**(2)** The Saudi company had not satisfied the threshold requirement of an aggrieved person. Who is an aggrieved person is a question of fact. In the instant case, the Saudi company had never operated any business in relation to the trade marks in issue in Malaysia. Thus, there could not be confusion of the Saudi company goods or services in Malaysia *etc.* for any reasonable tribunal probably appraised with the facts of the case as well as the wealth of jurisprudence in this area of law to come to a conclusion that 'he is an aggrieved person' entitled to the relief. (para 57)

**(3)** There was merit in the Egyptian company's assertion based on the fact that it was trading using its trade marks in Malaysia for a considerable time as opposed to the Saudi company to say that it had acquired distinctive goodwill and reputation in its mark in Malaysia. Further, the Saudi company, notwithstanding the fact that they had registered their trade marks as early as 1987, had failed to take any action promptly against the appellant, thereby the concept such as 'guilty of estoppels, acquiescence, laches or abandon of the mark' would kick in. In consequence, the trial court ought to have dismissed the Saudi company's application under s. 45 of TMA 1976 at *limine* or should

have upon the application of the relevant party entertained an application to vary to avoid confusion, if it was just to do so. Thus, Appeal 401 was allowed. (para 57)

**(4)** The Egyptian company had registered its trade marks not only in Malaysia but also other countries and was operating businesses in Malaysia using the trade marks. The same could not be said in respect of the Saudi company. The term 'aggrieved person' was related to finding of facts, to provide *locus* to maintain the action. The decisions of the courts did not require a high threshold to establish at the first instance that the Egyptian company was an aggrieved person. (para 72)

**(5)** Applying the *McLaren*'s test, the Egyptian company was already using its trade mark and was attempting to remove a similar trade mark which the trial judge had taken cognisance to say that the Egyptian company was indeed an aggrieved person. The Saudi company had failed to show that it had used the marks or had genuine and present intention to use the marks in the course of trade in Malaysia, taking into consideration that the relevant marks were registered as early as 1997 as well as 2008. Use of trade marks in relation to goods must necessarily mean use on or in relation to the goods. (para 72)

**(6)** Taking a holistic view of the facts of the case and the fact that the Saudi company had not used its trade marks for purpose of trade at all, the trial judge was correct in allowing the Egyptian company's application. Thus, the Saudi company's Appeal 1653 was dismissed. (paras 72-73)

***Bahasa Malaysia*** *Headnotes*

Sebuah syarikat di Mesir ('syarikat Mesir') mengendalikan satu perniagaan restoran di bawah cap dagangan 'ALBAIK' sementara sebuah syarikat dari Arab Saudi ('syarikat Saudi') menjalankan perniagaan restoran di Jeddah di bawah cap yang sama. Dua rayuan berbangkit di sini. Rayuan 401 adalah rayuan oleh syarikat Mesir berasaskan penghakiman hakim bicara yang membenarkan permohonan oleh syarikat Saudi menurut s. 45 Akta Cap Dagangan 1976 ('ACP 1976') untuk membatalkan cap dagangan yang didaftar atas alasan: (i) syarikat Mesir bukan pemilik sah atau telah mendaftar dengan niat jahat, bertentangan dengan s. 25(1) ACP 1976 dan (ii) cap dagangan syarikat Mesir mempunyai persamaan dengan cap dagangan syarikat Saudi dan ini akan menimbulkan kekeliruan pada dagangan dan pihak awam di Malaysia, bertentangan dengan s. 14(a) ke (g) dan/atau s. 19(1)(a) dan/atau (b) ACP 1976. Syarikat Saudi menghujahkan bahawa cap dagangannya dikenali ramai di Malaysia dan di seluruh dunia dan bahawa syarikat Mesir tidak mempunyai hak mendaftarkan cap dagangan tersebut di Malaysia. Walau bagaimanapun, syarikat Mesir mendakwa bahawa syarikat Saudi tidak pernah menjalankan perniagaan restoran di Malaysia berhubungan dengan cap dagangan tersebut, meskipun ia telah mendaftarkan

A cap dagangan itu di Arab Saudi pada tahun 1987 dan seterusnya mendaftarkan cap dagangan 'ELBAIK' pada tahun 1997 di Malaysia. Hanya pada tahun 2008 syarikat Saudi telah memfailkan permohonan untuk mendaftarkan di Malaysia sebagai 'ALBAIK'. Walau bagaimanapun, syarikat Mesir telah mendaftarkan cap dagangannya ALBAIK di Mesir dan seterusnya
B mendaftarkan cap dagangan itu di Malaysia pada tahun 2005 dan mengendalikan sebuah restoran di sini. Oleh kerana tidak dipertikaikan bahawa syarikat Saudi tidak menggunakan cap dagangan itu di Malaysia dalam pengendalian perniagaannya, syarikat Mesir membuat permohonan untuk membuang cap dagangan syarikat Saudi menurut s. 46(1)(a) dan/atau
C (b) ACP 1976 atas alasan tiada penggunaan cap dagangan 'ALBAIK'. Alasan-alasan yang dibangkitkan adalah (i) syarikat Mesir adalah pihak yang terkilan; (ii) syarikat Saudi telah mendaftarkan cap dengan niat jahat (iii) syarikat Saudi tidak menggunakan cap dagangan 'ALBAIK' yang didaftarkan di Malaysia bertentangan dengan s. 46(1)(a) ACP 1976 dan (iv) cap itu tidak digunakan untuk satu tempoh berterusan tidak kurang
D daripada tiga tahun tambah satu bulan berhubungan dengan barangan atau perkhidmatan berdaftar. Hakim bicara membenarkan permohonan syarikat Mesir dan oleh itu, syarikat Saudi merayu terhadap keputusan tersebut melalui Rayuan 1653. Satu situasi timbul di mana keputusan Mahkamah Tinggi membenarkan permohonan s. 45 oleh syarikat Saudi dan permohonan
E s. 46 oleh syarikat Mesir mengakibatkan kedua-dua cap dagangan syarikat Saudi dan syarikat Mesir tidak dilindungi di bawah Akta Cap Dagangan 1976.

**Diputuskan (membenarkan Rayuan 401; menolak Rayuan 1653)**
F **Oleh Hamid Sultan Abu Backer HMR menyampaikan penghakiman mahkamah:**

**(1)** Permohonan s. 45 untuk membatalkan cap dagangan yang didaftar atas alasan bahawa ia telah didaftarkan tanpa kausa yang memadai sementara s. 46 bagi pembatalkan cap dagangan yang didaftar atas alasan tiada
G penggunaan. Kedua-dua seksyen mengkehendaki pemohon menjadi pihak yang terkilan.

**(2)** Syarikat Saudi tidak mematuhi kehendak yang diperlukan oleh seseorang yang terkilan. Siapa orang yang terkilan adalah persoalan fakta. Dalam kes ini, syarikat Saudi tidak pernah mengendalikan
H apa-apa perniagaan berkaitan cap dagangan yang dikeluarkan di Malaysia. Oleh itu, tidak timbul kekeliruan barangan atau perkhidmatan syarikat Saudi di Malaysia untuk mana-mana tribunal munasabah yang mentaksir fakta kes dan jurisprudens berkenaan undang-undang ini untuk mencapai kesimpulan bahawa 'dia adalah pihak yang terkilan' yang
I berhak mendapatkan relif.

**(3)** Terdapat merit dalam dakwaan syarikat Mesir berdasarkan fakta bahawa ia berdagang menggunakan cap dagangan di Malaysia untuk satu masa yang agak lama berbanding syarikat Saudi untuk menyatakan bahawa ia telah memperoleh nama baik dan reputasi tersendiri dalam capnya di Malaysia. Tambahan lagi, meskipun terdapat fakta bahawa syarikat Saudi telah mendaftarkan cap dagangannya seawal 1987, mereka gagal mengambil tindakan segera terhadap perayu, oleh itu konsep 'guilty of estoppels, acquiescence, laches or abandon of the mark' diguna pakai. Akibatnya, mahkamah bicara harus menolak permohonan syarikat Saudi di bawah s. 45 ACP 1976 secara *limine* atau harus atas permohonan pihak yang berkenaan melayan permohonan untuk membezakan bagi mengelakkan kekeliruan, jika ia adil berbuat demikian. Oleh itu, Rayuan 401 dibenarkan.

**(4)** Syarikat Mesir telah mendaftarkan cap dagangannya bukan hanya di Malaysia tetapi juga di negara lain dan mengendalikan perniagaan di Malaysia menggunakan cap dagangan itu. Ini tidak dilakukan syarikat Saudi. Terma 'seseorang yang terkilan' adalah berhubungan dengan dapatan fakta, untuk memberi *locus* bagi mengekalkan tindakan. Keputusan mahkamah-mahkamah tidak memerlukan kehendak yang tinggi bagi membuktikan bahawa syarikat Mesir adalah pihak yang terkilan.

**(5)** Mengguna pakai ujian *McLaren*, syarikat Mesir menggunakan cap dagangannya dan cuba untuk membatalkan cap dagangan yang sama yang mana hakim perbicaraan telah mengambil pengetahuan dan menyatakan bahawa syarikat Mesir adalah seseorang yang terkilan. Syarikat Saudi gagal menunjukkan bahawa ia telah menggunakan cap atau mempunyai niat yang tulen dan sedia ada untuk menggunakan cap itu dalam pengendalian perdagangan di Malaysia, mengambil kira cap-cap relevan telah didaftarkan seawal 1997 dan 2008. Penggunaan cap dagangan berhubungan dengan barangan harus bermaksud penggunaan atau berkaitan dengan barangan itu.

**(6)** Mengambil pandangan holistik fakta kes dan fakta bahawa syarikat Saudi tidak menggunakan cap dagangannya untuk tujuan perdagangan, hakim bicara betul dalam membenarkan permohonan syarikat Mesir. Oleh itu, Rayuan 1653 oleh syarikat Saudi ditolak.

**Case(s) referred to:**

*AL Baik Fast Food Distribution Co S.A.E. v. EL Baik Food Systems Co, S.A. [2016] 7 CLJ 552 HC* ***(refd)***

*Aristoc Ltd v. Rysta Ltd & Anor (1945) 62 RPC 65* ***(refd)***

*Auvi Pte Ltd v. Seah Siew Tee And Another [1991] 2 SLR(R) 786* ***(refd)***

*Awaluddin Sham Bokhari v. Public Prosecutor [2016] 2 AMR 20* ***(refd)***

*Bourne v. Swan & Edgar Ltd [1903] 1 Ch 211* ***(refd)***

*Cadbury Schweppes Pty Ltd & Ors v. Pub Squash Co Pty Ltd [1981] RPC 429* ***(refd)***

*Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd [1992] 4 CLJ 1979; [1992] 2 CLJ (Rep) 311 HC* ***(refd)***

*Consitex SA v. TCL Marketing Sdn Bhd [2008] 8 CLJ 444 HC* ***(refd)***
*Godrej Sara Lee Ltd v. Siah Teong Teck & Anor (No. 2) [2008] 7 CLJ 24 HC* ***(refd)***
*Hu Kim Ai & Anor v. Liew Yew Thoong [2004] 5 CLJ 515 HC* ***(refd)***
*Imperial Group Plc v. Philip Morris Ltd [1984] RPC 293* ***(refd)***
*In Re Appollinaris Company's Trade Marks [1891] 2 Ch 186* ***(refd)***
*In the Matter of An Application by the Pianotist Company Ltd for the Registration of A Trade Mark [1906] 23 RPC 774* ***(refd)***
*JS Steadtler & Anor v. Lee & Sons Enterprise Sdn Bhd [1993] 1 AMR 365* ***(refd)***
*Kassim Sulong & Anor As The Liquidators Of 10 Companies v. Guthrie Estates Holdings Ltd & Ors [1994] 3 CLJ 186 HC* ***(refd)***
*Keep Good Feel Corp Sdn Bhd & Anor v. Pharma World (M) Sdn Bhd & Ors [2009] 1 LNS 843 HC* ***(refd)***
*Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd [2010] 5 CLJ 975 HC* ***(refd)***
*LB (Lian Bee) Confectionery Sdn Bhd v. QAF Ltd [2012] 3 CLJ 661 FC* ***(refd)***
*Liwayway Marketing Corporation v. Oishi Group Company Limited [2016] 1 LNS 400 CA* ***(refd)***
*Lloyd's v. Lloyd's (Southampton) Ltd (1912) 29 RPC 433* ***(refd)***
*McCurry Restaurant (KL) Sdn Bhd v. McDonald's Corporation [2009] 3 CLJ 540 CA* ***(refd)***
*McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC* ***(refd)***
*Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia, Pendaftar Cap Dagangan Malaysia (Interested Party) [2015] 9 CLJ 125 FC* ***(refd)***
*Oishi Group Public Company Ltd v. Liwayway Marketing Corporation [2015] 2 CLJ 1121 HC* ***(refd)***
*Prestige Housewares (India) Ltd v. Prestige [2000] PTC 513 (Mad)* ***(refd)***
*Re Arnold D Palmer In The Matter Of Trade Mark Registration No 63249 [1986] 1 LNS 11 HC* ***(refd)***
*Staywell Hospitality Group Pty Ltd v. Starwood Hotels & Resorts Worldwide, Inc And Another [2013] SGCA 65* ***(refd)***
*Tahansan Sdn Bhd v. Tay Bok Choon [1984] 2 CLJ 224; [1984] 1 CLJ (Rep) 383 FC* ***(refd)***
*TG Balaji Chettiar v. Hindustan Lever Ltd AIR 1967 Mad 148* ***(refd)***
*Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344 SC* ***(refd)***
*Wells Fargo Trade Mark [1977] RPC 94 503* ***(refd)***
*William Jacks & Co (M) Sdn Bhd v. Chemquip (M) Sdn Bhd & Anor [1991] 2 CLJ 1309; [1991] 1 CLJ (Rep) 492 SC* ***(refd)***
*Wooly Bull Enterprises Pte Ltd v. Reynolds [2001] FCA 261* ***(refd)***
*Yomeishu Seizo Co Ltd & Ors v. Sinma Medical Products (M) Sdn Bhd [1996] 2 BLJ 142 HC* ***(refd)***
*Yong Teng Hing B/S Hong Kong Trading Co & Anor v. Walton International Ltd [2012] 6 CLJ 337 FC* ***(refd)***

**Legislation referred to:**

Rules of Court 2012, O. 87
Trade Marks Act 1976, ss. 14(1)(a), (b), (c), (d), (e), (f), (g), 19(1)(a), (b), 20, 25(1), 35, 38, 40, 44, 45(1)(a), 46(1)(a), (b), 80
Trade Marks Regulations 1997, regs. 11, 12

Trade Marks Act 1999 [India], ss. 57, 47

**Other source(s) referred to:**
P Narayanan, *Trade Marks and Passing Off*, 6th edn, pp 7, 8

*For the appellant - Steven Cheok Hou Cher, Ng Kim Poh & Nicole Chong; M/s Christopher & Lee Ong*
*For the respondent - Indran Shanmuganathan, Loi Choi Yoke, Kok Pok Chin & Ong Hong Keit; M/s PC Kok & Co*

*[Editor's note: For the High Court judgment, please see AL Baik Fast Food Distribution Co S.A.E. v. EL Baik Food Systems Co, S.A [2016] 7 CLJ 552 (overruled in part).]*

*Reported by Suhainah Wahiduddin*

## JUDGMENT

**Hamid Sultan Abu Backer JCA:**

**[1]** The appellant/defendant in appeal No. W-02(IPCV)(A)-401-03-2015 ("401") is an Egyptian Company and the respondent is a Saudi Company. The appellant/defendant in Appeal No. W-02(IPCV)(A)-1653-10-2015 ("1653") is the Saudi Company and the respondent is the Egyptian Company. In appeal No. '401', the application was made under s. 45 of the Trade Marks Act 1976 (TMA 1976). In appeal No. '1653', the application was made under s. 46 of the TMA 1976.

**[2]** In appeal No. 401, Saudi Company managed to expunge the Egyptian Company's trade mark. In Appeal No. 1653, Egyptian Company managed to remove the Saudi Company's trade marks from the Register. In essence, both trade marks are expunged. The learned trial judge had meticulously explained the trade marks of the Saudi Company as well as the Egyptian Company in two separate judgments. We will not repeat it save where it is necessary. This judgment must be read together with the two judgments of the learned trial judge one reported in *AL Baik Fast Food Distribution Co S.A.E. v. EL Baik Food Systems Co, S.A.* [2016] 7 CLJ 552; [2016] 9 MLJ 466 for the appeal No. '1653' and the other one is not reported yet. We will deal with both the appeals in this judgment to save repetition of the facts. The judgment will consist of two parts. One is for Appeal No. '401' and the other is for Appeal No. '1653'.

**Appeal No. '401'**

**[3]** The Egyptian Company appeals in respect of the judgment of the learned trial judge who allowed the Saudi Company's application pursuant to s. 45 of the TMA 1976 to expunge the registered trade marks on the grounds:

(a) The Egyptian Company is not the rightful owner or has registered it in bad faith, contrary to s. 25(1) of the TMA 1976;

(b) The Egyptian Company trade marks are confusingly similar to that of the Saudi Company and this will cause confusion to the trade and public in Malaysia, contrary to s. 14(1)(a) to (g) and/or s. 19(1)(a) and/or (b) of the TMA 1976.

**[4]** It was the contention of the Saudi Company that (i) its trade marks are well known in Malaysia or around the world; (ii) the Egyptian Company is not entitled to register the trade marks in Malaysia.

**[5]** The Saudi Company's prayers in brief read as follows:

(a) Declaration that the Plaintiff (Saudi Company) is the lawful owner of Trade Mark which consist the word "AL BAIK" and the device of a chicken, when it is used in the food products and restaurant services;

(b) 1st Defendant's (Egyptian Company) trade mark registration No. 05013291 filed in Class 29 and 05013292 filed in Class 16 was wrongly registered without sufficient cause and/or wrongly remains on the register. Those trade mark registrations to be cancelled, expunged and removed from Trade Mark register,

(c) The 2nd Defendant, Pendaftar Cap Dagangan Malaysia to rectify the register by cancelling and expunging the 1st Defendant's trade mark and to gazette this action in the Government *gazette*.

(d) Costs to be paid by 1st Defendant to Plaintiff.

**[6]** The memorandum of appeal of the Egyptian Company reads as follows:

1. The learned Judge erred in law in placing reliance on all affidavits affirmed by one Lim Eng Leong, the deponent for all of the Plaintiff's Affidavits in relation to Suit No. 24IP-17-04/2014, when he in fact is not an employee, franchisee or licensee of the Plaintiff, and does not possess personal knowledge or facts deposed in his affidavits, thus is not in the position to affirm any affidavits on behalf of the Plaintiff on contentious facts.

2. The learned Judge erred in fact and in law in holding that the First Defendant's trade mark is wrongly registered, without sufficient cause and/or wrongly remaining on the Register.

3. The learned Judge erred in fact in holding that the Plaintiff had expanded use of its marks to other countries where in reality, the Plaintiff only has a restaurant business and outlets in Saudi Arabia only and in no other countries.

4. The learned Judge erred in fact and in law in considering the Plaintiff's trade mark as only consisting of the words "AL BAIK" and the device of a smiling chicken, and omitted to consider the fact that up till 2007, the Plaintiff only registered a few trade marks consisting of the words "EL BAIK" and it was only in 2007 when

the Plaintiff first registered trade marks consisting of the words "AL BAIK", whereas the First Defendant had registered and used its "AL BAIK" trade mark since 2005.

5. The learned Judge erred in fact and in law in not taking into consideration the First Defendant's first and earlier use of the First Defendant's mark in Malaysia.

6. The learned Judge erred in fact and in law in not considering the facts that the First Defendant had acquired distinctive goodwill and reputation in its mark in Malaysia.

7. The learned Judge erred in fact and in law in holding that the Plaintiff is an aggrieved person under the Trade Marks Act 1976.

8. The learned Judge erred in fact and in law in holding that the Plaintiff had registered its "AL BAIK" trade marks in Malaysia since 1997 when the Plaintiff had actually registered its "EL BAIK" trade mark since 1997 and only registered the "AL BAIK" trade mark in 2007.

9. The learned Judge erred in fact and in law in holding that the Plaintiff's mark is well-known in Malaysia.

10. The learned Judge erred in fact and in law in holding that the pilgrims from Malaysia would invariable connect the "AL BAIK" trade mark with the Plaintiff, where there was a lack of evidence to this effect.

11. The learned Judge erred in fact and in law in holding that the registration of the First Defendant's trade mark is confusingly similar to the mark of the Plaintiff making it likely to cause confusion to the public and thus contravenes Section 14(1)(a) of the Trade Marks Act 1976.

**Preliminary Issues**

**[7]** The learned trial judge had allowed the application, notwithstanding the Saudi Company's case was fraught with technicalities and assertion of hearsay materials and the threshold elements to succeed in an application under s. 45 was not satisfied. Based largely on hearsay evidence as well as assertion of the Saudi Company's trade marks agent, one by the name of Lim Eng Leong, who is not an employee of the Saudi Company, the learned trial judge concluded as follows:

> [25] Even though there is no evidence of actual use of the plaintiff's mark in Malaysia, from the affidavits before me, I am of the considered opinion that the Plaintiff's marks, which had been registered since 1987 in Saudi Arabia and in other countries is a well known mark amongst those who have visited Saudi Arabia and the holy land, Mecca. Pilgrims from Malaysia would invariably connect the "AL BAIK" trade mark with the Plaintiff, the owner based in Saudi Arabia.

A [26] Therefore, for the First Defendant to register an almost identical trade mark, bearing "AL BAIK" with the smiling chicken device is likely to cause confusion to the public and this contravenes s. 14(1)(a) of the TMA 1976.

[27] In the premise, the Plaintiff's application is allowed with costs.

B **[8]** Learned counsel for the Egyptian Company on preliminary issues says:

(a) The Saudi Company's deponent's evidence is hearsay and he had no personal knowledge;

C (b) The deponent will not have knowledge of disputed facts.

**[9]** The preliminary issues anchored by learned counsel for the Egyptian Company, *inter alia*, reads as follows:

10. The Appellant had raised objections [see para 4, page 47 Record of
D Appeal] wherein the Appellant contends that the deponent for all of the Respondent's affidavits, one Lim Eng Leong, is not an employee of the Respondent but is merely a trade mark agent of the Respondent in Malaysia. It is highly dubious that the deponent would have any knowledge on any information relating to a number of disputable facts, particularly in relation to the facts relating to the alleged use of the
E Respondent's trademarks whether in Malaysia or elsewhere. For example, the deponent would not be in a position to confirm which is the exact date the Respondent commenced operations in Mina, where there are conflicting dates even from the Respondent's own documents - please see paragraph 60 of this submission hereinbelow.

F 11. Further, for the same reason, the deponent could not properly claim to have any personal knowledge of any of the information contained in the documents adduced by the deponent through his affidavits. As such, most if not all of the evidence adduced therein are hearsay evidence and should be treated with caution by My Lords. Alternatively, little weight should be attached to the averments of the deponent.

G **[10]** As the Saudi Company has not filed the application and/or affidavit to expunge the trade marks, it is alleged that the affidavit of the trade mark agent is bad in law. We took upon ourselves to check the proprietariness of the allegation as it is trite that any application before the court must be made by the relevant applicant subject to exception, in relation to authority to act,
H which we will deal with shortly.

**[11]** In response to trade mark agent's supporting affidavit, the Egyptian Company has taken the preliminary objection, *inter alia*, as follows:

(a) On the outset, and in reply to paragraphs 1 and 2 of the Plaintiff's
I Affidavit, I have been advised by the solicitors for the 1st Defendant and verily believe that the Plaintiff's Affidavit is defective, in that it should not have been affirmed by the Plaintiff's trade mark agent

since the Plaintiff's Affidavit contains contentious and disputable facts. The 1st Defendant's solicitors will submit on the admissibility of the Plaintiff's Affidavit during the hearing later.

(b) In addition, I have been advised by the solicitors for the 1st Defendant and verily believe that the correct mode of commencement of this action should be by way of a Writ and not by way of Originating Summons, as the matter contains substantial dispute of facts between parties. The 1st Defendant's solicitors will submit on the admissibility of the Plaintiff's Affidavit during the hearing later.

**[12]** The learned trial judge had not addressed the preliminary objection in the judgment. In consequence, on the facts it is our considered view that the integrity of the decision making process has been compromised.

**Authority To Act**

**[13]** Section 80 of the TMA 1976 allows an agent to be appointed for registration of trade mark, provided the criteria set out in the sections are satisfied, but not specifically to act for the applicant in court proceedings. The said s. 80 of the TMA 1976 reads as follows:

Section 80. Agent

(1) Where an applicant for registration of a trade mark does not reside or carry on business in Malaysia, he shall appoint an agent to act for him.

(2) Where by this Act any act has to be done by or to any person in connection with a trade mark or proposed trade mark or any procedure relating thereto, the act may, under and in accordance with this Act and any regulations made thereunder or in particular cases by special leave of the Registrar, be done by or to an agent of that person duly authorised in the prescribed manner.

(3) No person, firm or company shall be authorised to act as an agent for the purposes of this Act unless that person is domiciled or resident in Malaysia or the firm or company is constituted under the laws of Malaysia and such person, firm or company carries on business or practice principally in Malaysia.

**[14]** The TMA 1976 must also be read with Trade Marks Regulations 1997. The most relevant regulation for s. 80 of the TMA 1976 will be regs. 11 and 12 which read as follows:

Regulation 11. Agency.

(1) Except as otherwise required by the Act or these Regulations -

(a) any application, request or notice which is required or permitted to be made or given to the Registrar;

(b) all other communications between an applicant or a person making such request or giving such a notice and the Registrar; and

A (c) all other communications between the registered proprietor or the registered user of a trade mark and the Registrar or any other person,

may be signed, made or given by or through an agent and the Registrar may -

B (aa) in any particular case, require the personal signature or presence of the applicant, opponent, registered proprietor, registered user or other person;

(bb) by notice in writing sent to an agent, require him to produce evidence of his authority.

C (2) Where a party to proceedings before the Registrar appoints an agent for the first time or appoints one agent in substitution for another, the agent appointed shall file Form TM 1 with the Registrar on or before the first occasion on which he acts as an agent for that party in the proceedings.

D (3) No person may appoint more than one agent to act for him concurrently in respect of the same mark, whether in respect of the same or different transactions; and where more than one agent is on record, the Registrar shall recognise only the latest agent duly appointed.

E (4) The Registrar shall decline to recognise as an agent any person who is not currently on the Register of Trade Marks Agents of Malaysia compiled and maintained under regulation 12.

Regulation 12. Registration of agents.

(1) The Registrar shall maintain a Register of Trade Marks Agents.

F (2) An application to be registered as a trade marks agent shall be made to the Registrar on Form TM 2 accompanied with payment of the prescribed fee.

(3) In order to be registered in the Register of Trade Marks Agents, the applicant shall satisfy the Registrar that he is either domiciled or

G resident in Malaysia or has a principal place of business in Malaysia, and:

(a) is on the Register of Patents Agents maintained in pursuance of regulations made under the Patents Act 1983 [Act 291]; or

H (b) is an advocate and solicitor practising solely in Malaysia; or

(c) holds a recognised degree in any field of studies and has had at least three years' experience in the field of industrial property; or

(d) has had at least three years of experience in the field of

I industrial property by virtue of he being an ex-officer of the Office; or

(e) has acted as a trade mark agent to the satisfaction of the Registrar before the Trade Marks Regulations 1997 came into force.

(4) The Registrar shall not register any person who has been convicted of any registrable offence or any criminal offence involving fraud or dishonesty.

(5) The Registrar, upon being satisfied that the applicant qualifies to be registered in the Register of Trade Marks Agent, shall register the applicant for a term expiring on the 31st December of that year.

(6) An agent shall be removed from the Register of Trade Marks Agent if he:

(a) is no longer domiciled or resident in Malaysia or no longer has a principal place of business in Malaysia; or

(b) is convicted of a registrable offence or any criminal offence involving fraud or dishonesty; or

(c) is an undischarged bankrupt; or

(d) has been struck off and not restored to the Register of Patents Agents or the Roll of Advocates and Solicitors or is suspended for the time being from that Register or that Roll.

(7) An application for the renewal of registration as a trade mark agent shall be made to the Registrar on Form TM 3 together with payment of the prescribed fee by 31 January of each year.

(8) The Registrar shall upon being satisfied that the conditions specified in sub-regulations (3) and (4) continue to be satisfied, renew the registration of the trademarks agent for a term expiring on 31 December of that year.

**[15]** When s. 80 is read with regs. 11 and 12, it will be clear that the said section or regulations do not give authority for the agent to act for a registered trade mark holder in the High Court. The application as well as the supporting affidavit must be filed in this case by the registered proprietor who is aggrieved by the act of the appellant and not by the agent. That is what s. 45(1)(a) asserts about 'any person aggrieved'. Whether such an application can be made by the trade mark agent is doubtful. This issue was not properly raised by the appellant before the learned trial judge. We did not see any argument on s. 80 in the submission before the trial judge and in consequence we will not labour on this point, save to say that the Supreme Court in *William Jacks & Co (M) Sdn Bhd v. Chemquip (M) Sdn Bhd & Anor* [1991] 2 CLJ 1309; [1991] 1 CLJ (Rep) 492; [1991] 2 MLJ 555, had asserted that a challenge to the authority of solicitors may be made at any time and the court in its inherent jurisdiction may entertain the challenge made orally and may order the action to be struck out if there was sufficient or admitted evidence that there is no action properly before it. We take the view that the jurisprudence advocated in *William*'s case will apply to the trade mark agent.

A **Originating Summons And Hearsay Evidence**

**[16]** It is well settled that an application to the court under TMA 1976 must be by originating summons (O. 87, RC 2012). It is also well settled in the hearing of the originating summons that the affidavit in support must not be fraught with hearsay evidence. (See *Awaluddin Sham Bokhari v. Public* B *Prosecutor* [2016] 2 AMR 20). This point was well articulated in the case of *Kassim Sulong & Anor As The Liquidators Of 10 Companies v. Guthrie Estates Holdings Ltd & Ors* [1994] 3 CLJ 186, where Zakaria Yatim J on the facts of the case held:

C (1) Where a deponent averred that he was 'advised and verily believed' but did not disclose the source of his information or the person who had advised him, the averment was bad. This was hearsay evidence. Where the proceeding was a final matter and not an interlocutory matter, hearsay evidence was inadmissible.

D (2) Where an affidavit contained hearsay evidence or extrinsic evidence, it was inadmissible. An affidavit was not a place for submissions.

(3) Where exhibits to the affidavit state an opinion of law, that opinion of law is not admissible. It is the function of the court to decide on questions of law.

E **[17]** In addition, where the facts are disputed that issue may have to be determined by oral evidence. (See *Tahansan Sdn Bhd v. Tay Bok Choon* [1984] 2 CLJ 224; [1984] 1 CLJ (Rep) 383; [1985] 1 MLJ 58).

**[18]** In the instant case, all the procedural safe guards for a valid trial had been compromised to arrive at a just decision. In consequence, we take the F view that the decision making process has been compromised, warranting the appellate court to set aside the judgment *in limine*.

**[19]** Notwithstanding our views on the preliminary issues raised and dealt with, we will now deal with the merit of the appeal.

G **Brief Facts**

**[20]** The Saudi Company has never operated any restaurant business in Malaysia related to the trade marks in issue, notwithstanding that it has registered its trade marks in Saudi Arabia in 1987 and subsequently had registered the trade marks as 'ELBAIK' in 1997 in Malaysia. Only sometime H in the year 2008, the Saudi Company had filed an application to register in Malaysia as ALBAIK. However, the Egyptian Company had registered its trade marks ALBAIK in Egypt and subsequently registered the trade marks in Malaysia in 2005 and was operating its restaurant business here. In essence, the Saudi Company registered trade mark was ELBAIK, registered in 1997 (subsequently ALBAIK) but seeking to expunge ALBAIK trade mark I of the Egyptian Company.

**[21]** It must be kept in mind that the Saudi Company's trade marks registered in 1997 was ELBAIK and only subsequently in 2008 had registered as ALBAIK. The details as set out by learned counsel for the Saudi Company read as follows:

| No. | Cap Dagang | Nombor | Tarikh Pendaftaran/ Permohonan | Kelas Barangan/ Perkhidmatan | Status |
|---|---|---|---|---|---|
| 1. | | 97020468 | 1/12/1997 | 43 | Registered |
| 2. | | 97020470 | 1/12/1997 | 43 | Registered |
| 3. | | 97017036 | 25/11/1997 | 29 | Registered |
| 4. | | 08005624 | 24/3/2008 Priority: 8/9/2007 | 30 | Registered |
| 5. | | 08005628 | 24/3/2008 Priority: 28/9/2007 | 29 | Registered |
| 6. | | 08005626 | 24/3/2008 Priority: 28/9/2007 | 30 | Registered |
| 7. | | 08005629 | 24/3/2008 Priority: 28/9/2007 | 30 | Registered |
| 8. | | 08005631 | 24/3/2008 Priority: 28/9/2007 | 16 | Registered |
| 9. | | 08005630 | 24/3/2008 Priority: 28/9/2007 | 43 | Pending |
| 10. | | 08005627 | 24/3/2008 Priority : 28/9/2007 | 16 | Pending |

**[22]** The details of the Egyptian Company trade marks as set out by learned counsel for the Egyptian Company reads as follows:

| No. | Trade mark | Trade mark no. | Date of application/ Registration | Class of goods | Status |
|---|---|---|---|---|---|
| 1. | | 05013292 | 9/8/2005 | 16 | Third Party Removal |
| 2. | | 05013292 | 9/8/2005 | 29 | Third Party Removal |

**Jurisprudence Relating To Trade Mark And An Application Under s. 45 Of TMA 1976**

**[23]** Trade mark is a generic phrase and it includes symbol and/or design that identifies and distinguishes the source of the goods of one party from those of others. In contrast, service mark relates to symbol and/or design that identifies and distinguishes the source of a service rather than the goods. Mark used to promote services are referred to as service marks. For example, different goods and services have been classified by the International (Nice) Classification of Goods and Services into 45 trade marks Classes (1 to 34 cover goods, and 35 to 45 cover services). The idea of this system is to specify and limit the extension of the intellectual property right by determining which goods or services are covered by the mark, and to unify classification systems around the world. TMA 1976 gives an extended meaning to trade mark and includes service mark. Under the common law and/or statute, the jurisprudence relating to trade mark relates to three concepts namely distinctiveness, deceptive similarity of marks and similarity of goods.

**[24]** The law considers trade mark as a type of intellectual property and the law gives exclusive rights and protection in respect of registered trade mark or services, to prevent unauthorised use of the mark in relation to product or services which are identical or 'colourfully' similar to the 'registered' products or services, and in certain cases to entirely dissimilar product or services. **The ultimate test as it stands for purpose of registration or to sustain registration is whether the consumers of the goods or services will be confused as to the identity of the source or origin** (emphasis added). This can also be conveniently referred to as 'customer' or 'consumer' approach.

This test is in actual fact is an objective test (jury test) and need the assistance of common sense jurisprudence as opposed to reliance of case law *per se* or the views of academicians. Judges reasoning on such issues may not be one and the same in all jurisdictions. (See *Staywell Hospitality Group Pty Ltd v. Starwood Hotels & Resorts Worldwide, Inc And Another* [2013] SGCA 65 (*Staywell* case)).

**[25]** It must be noted that a trade mark is a distinctive sign or indicator used by an individual, business organisation, or other legal entity to identify that the products or services to consumers with which the trade mark appears, originate from a unique source, and to distinguish its products or services from those of other entities. In essence, trading necessarily means trading in Malaysia but there are a number of exceptions. Further, the three concepts namely: (i) distinctiveness; (ii) deceptive similarity of marks; (iii) similarity of goods; may have a lesser role to play as per the instant case when the Saudi Company is not trading in Malaysia.

**[26]** However, when one selects a name for its brand or trade mark, they must be careful not to invite trouble from other traders who are already well established. (See *Lloyd's v. Lloyd's (Southampton) Ltd* (1912) 29 RPC 433; *Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd* [1992] 4 CLJ 1979; [1992] 2 CLJ (Rep) 311; [1993] 1 MLJ 55; [1996] 3 AMR 4015].

**[27]** On the issue of right and wrong, the learned authors of *Kerly's Law of Trademarks and Trade Names*, (12th edn) says:

> It is an actionable wrong for the defendant to represent, for trading purpose, that his goods are those or that his business is that of the plaintiff, and it makes no difference whether the representation is effected by direct statement, or by using some of the badges by which the goods of the plaintiff are known to be his, or any badges colourably resembling these, in connection with goods of the same kind, not being the goods to be taken by ordinary purchasers for the goods of the plaintiff.

**[28]** At the same page the learned authors quote the case of *Cadbury Schweppes Pty Ltd & Ors v. Pub Squash Co Pty Ltd* [1981] RPC 429 at p. 490 (PC, NSW) where it was stated:

> ... the tort is no longer anchored as in its early nineteenth century formulation, to the name or trademark of a product or business. It is wide enough to encompass other descriptive material, such as slogan or visual images, which radio, television or newspaper advertising campaigns can lead the market to associate with the plaintiff product, provided always that such descriptive material become part of the goodwill of the product. And the test is whether the product has derived from advertising a distinctive character which the market recognised.

**[29]** Learned author P Narayanan in his book '*Trade Marks and Passing Off*' (6th edn), had summarised the basic principles of trade mark law at pp. 7 and 8 and read as follows:

> 1.09 Basic principles of trade mark law It is interesting to note that the law of trade mark, practically all over the world is based on three broad concepts: (1) distinctiveness or distinctive character, or capable of distinguishing, (2) deceptive similarity or similarity or near resemblance of marks and (3) same description or similarity of goods. The purpose of the Act, as stated in the preamble, is to provide for registration and better protection of trade marks for goods and services and to prevent the use of fraudulent marks. In consonance with this object the following fundamental principles of trade mark law are embodied in the various provisions of the Act:
>
> (a) Since registration confers on the proprietor a kind of monopoly right over the use of the mark, which may consist of a word or symbol legitimately required by other traders for *bona fide* trading or business purposes, certain restrictions are necessary on the class of words or symbols over which such monopoly right may be granted. This principle is recognised in the qualifications for registration laid down in s. 9. Absolute grounds for refusal of registration.
>
> (b) Registration of a trade mark should not interfere with the *bona fide* use by other persons of names or words in ordinary usage. This principle is embodied in ss. 13 and 35.
>
> (c) Property rights in a trade mark acquired by use are superior to similar rights obtained by registration under the Act. This is clear from the preamble which refers to "better protection of trade marks", thereby necessarily implying the existence and availability of some protection under common law. It, therefore, follows that prior users of trade marks should be protected against any monopoly rights granted under the Statute. This principle is enacted in s. 34.
>
> (d) There are obviously two main interests to be protected when a mark is presented for registration. There is first the interest of the public. A trade mark ought not to be registered if its use will be apt to mislead the public as to the origin of the goods they are purchasing. There is also the interests of other existing traders who are entitled to object if the use of the trade mark proposed for registration will be calculated to enable the applicant's goods to be passed off on the public as such other traders' goods. These interests are protected by ss. 9 and 11.
>
> (e) It may so happen that a trader honestly used a trade mark for a number of years although an identical or similar mark has been registered or used by another. It will obviously cause hardship to such a trader if he is deprived of the benefits of registration. Section 12 provides for the registration of such marks subject to suitable conditions and limitations.

(f) A trade mark has no meaning unless it is used in relation to some goods. Broadly speaking, the life of a trade mark depends on its use; and continued non-use may lead to its eventual death. There is, therefore, no equitable or logical basis for the continuance of the protection afforded by registration where the mark is no longer in use for sufficiently long period. This principle is recognised in the Act by providing for removal of a mark from the register on the ground of non-use (see s. 47).

(g) A trade mark is recognised as a form of property. The term "proprietor of a trade mark" is used in the definition of a trade mark and also in various other provisions of the Act. It should, therefore, be assignable and transmissible as in the case of other forms of property. This principle is the basis of the provisions contained in Chapter V. Having regard to the peculiar nature of this property, the Act has taken care to impose various restrictions and conditions for the assignment or transmission of property rights in a trade mark, whether registered or unregistered.

(h) Granting the benefits of registration under the Statute is; not only a matter of interest to the applicant seeking registration, but it is a matter in which the public is also interested. It is, therefore, necessary that any member of the public who wants to object to the registration should be permitted to do so. The Act accordingly provides for advertisement of the application and opposition thereto by any interested party (see ss. 20 and 21).

These principles are substantially followed in all countries administering trade mark law. It has been observed that "it is of the highest importance that in such an important branch of commercial law as that relating to trade marks there should be uniformity as far as possible in all countries administering the same system of law."

**[30]** Trade mark rights are generally enforceable within the jurisdiction but there can also be protection outside the jurisdiction. What is essential to note is that the law of trade mark is not predicated on the premise to give monopoly to traders. The law on trade mark is constructed, *inter alia*, to protect the public against tortious acts of competing traders in a particular state. The law and case laws on trade mark in a state may align itself to give protection on first come first basis of the user or intended user of trade mark. For example, a well established trade mark, say in Australia, which may be identical to a well established trade mark from USA and trading in India may not be allowed to register the trade mark in India, without proper direction related to variation and satisfying the court that the Australian is a genuine trader and not a tortfeasor. (See *Staywell* case). The facts of the instant case is one related to genuine traders but the Saudi Company had not started with its trading activities using its marks in restaurant business in Malaysia. This distinction must be kept in mind in dealing with the final issue related to confusion.

A

## TMA 1976

**[31]** The law on registered trade mark is encompassed in TMA 1976 and Trade Marks Regulations 1997 ('TMR 1997'). The Act does not define what a trade mark is but says 'mark' includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof. It
B is essential to note that the law of trade mark is essentially based on distinctive similarities of marks as well similarities of goods. (See *McCurry Restaurant (KL) Sdn Bhd v. McDonald's Corporation* [2009] 3 CLJ 540; [2009] 3 MLJ 774). If a person is the owner of a registered trade mark in a particular language, another person cannot claim registration of the same word trade
C mark in any other language using the equivalent in translation. (See (i) *Yomeishu Seizo Co Ltd & Ors v. Sinma Medical Products (M) Sdn Bhd* [1996] 2 BLJ 142; [1996] 2 MLJ 334; (ii) *TG Balaji Chettiar v. Hindustan Lever Ltd* AIR 1967 Mad 148). In the instant case, it will be difficult to content that there are no similarities in marks or services.

D **[32]** At common law, unregistered trade mark is protected as long as it is in use and provided the owner of the mark takes immediate action against infringers by passing off action etc. Similarly a registered trade mark can be protected as long as the owner desires so, provided it is renewed periodically, as provided by the relevant Act **and immediate action is taken against**
E **infringers. If the infringement of the mark is not prevented, the mark may become common and in consequence may lose protection** (emphasis added). In the instant case, the Saudi Company has not taken any action relating to infringement, notwithstanding the Saudi Company's marks was registered first. We are mindful there are cases to say that delay on the part of an
F applicant to seek reliefs is no bar to the application. (*Bourne v. Swan & Edgar Ltd* [1903] 1 Ch 211). There have been cases where marks have been removed after being on the Register for 14 years. (See *In Re Appollinaris Company's Trade Marks* [1891] 2 Ch 186.) We do not think condoning delay without proper reasons is part of our jurisprudence and/or within the spirit
G and intent of TMA 1976. The old cases or decisions based on the old cases must be read with caution.

## Comparison And Confusion

**[33]** Useful guidelines, particularly the essential features and/or concepts, for the comparison of trade mark in an infringement and passing off case were
H set out by the Supreme Court in *JS Steadtler & Anor v. Lee & Sons Enterprise Sdn Bhd* [1993] 1 AMR 365. The nuances of the three concepts related to distinctiveness, deceptive similarity of marks and similarity of goods were well articulated in the iconic judgment of Sundaresh Menon CJ of Singapore, sitting in the Court of Appeal in the case of *Staywell*.

I

**[34]** In *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd* [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344; [1992] 2 MLJ 63, the Supreme Court endorsed the *Pianotist* test. The *Pianotist* test does not articulate a formula or methodology for a court to conclude what is 'right'. The test gives guidelines to arrive at a 'just' decision and not necessarily a 'right' decision. The Supreme Court observed as follows:

> The 'test' which Wan Adnan J was referring to were contained in Parker J's judgment in *The Pianotist Co Ltd* in the following terms:
>
> You must take two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

**[35]** The issues to be tried related to *Pianotist* test is jury oriented (jury test), ie, one of finding of facts and it gives no room for academic orientation in the form of judicial pronouncement of a complicated nature where even law students may shy away. However, subsequent cases after the Supreme Court's decision in *Tohtonku* within our jurisdiction and outside, had expanded the jury test to a more complicated version which was partly summarised in *Consitex SA v. TCL Marketing Sdn Bhd* [2008] 8 CLJ 444 as follows:

(a) the idea conveyed by both trade marks must be compared;

(b) the marks as a whole must be compared;

(c) the 1st syllable of the trade marks is of importance;

(d) the ear as well as the eye must be considered;

(e) the imperfect recollection of customers/potential customers must be considered;

(f) the essential features of the trade marks must also be compared.

**[36]** In the Malaysian context, the *Pianotist* test (jury test) has been well entrenched through court's decisions. The *Pianotist* test provides a simple methodology and guidelines to achieve a just conclusion and not necessarily a right decision as to whether a trade mark should be allowed to be registered and/or to be sustained in the Register of trade marks. Once those guidelines had been meticulously followed by the Registrar of trade mark or the trial court, apex court should be slow to intervene as it does not fall in the area of law but more to the exercise of discretion. The *Pianotist* test is within the spirit and intent of TMA 1976, though case laws in this area of law within and outside Malaysia may advocate convoluted jurisprudence to conclude

what is right rather than what is just taking into consideration a holistic approach whether indeed there will be confusion to the Malaysian public. The TMA 1976 does not give any party a monopoly right to register a trade mark when there is a competing interest. As long as the applicant can demonstrate that it will be just for the trade mark to be registered or be in the Register that *prima facie* will satisfy the *Pianotist* test. Our ss. 20, 25, 35, 44, etc. of the TMA 1976 even permit the Registrar to register a trade mark by imposing conditions, etc. This provision is meant to allow fair competition between genuine traders and to enable them to register their trade marks by ensuring the issue of 'confusion' is eliminated. If there is no confusion, registration of trade mark should ordinarily follow. In this case, the Saudi Company or Egyptian Company did not resort to the above said sections before the Registrar and/or the High Court. The said ss. 20, 25, 35 and 44 of the TMA 1976 read as follows:

> Section 20. Concurrent use
>
> (1) Notwithstanding subsection 19(1), in the case of honest concurrent use or of the circumstances described in paragraph 6(4)(c) or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors:
>
> (a) is in respect of the same goods or description of goods; or
>
> (b) in the case of at least one proprietor, is in respect of goods, and in the case of the other or others, is in respect of services closely related to those goods, subject to such conditions, amendments, modifications or limitations, if any, as the Court or the Registrar, as the case may be, may think right to impose.
>
> (1A) Notwithstanding subsection 19(2), in the case of honest concurrent use or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors:
>
> (a) is in respect of the same services or description of services; or
>
> (b) in the case of at least one proprietor, is in respect of services, and in the case of the other or others, is in respect of goods closely related to those services, subject to such conditions, amendments, modifications or limitations, if any, as the Court or the Registrar, as the case may be, may think right to impose.

(2) The Registrar shall not refuse to register a trade mark which is identical to or so nearly resembling another trade mark in the Register if the applicant of the first mentioned trade mark or his predecessor in business has continuously used that trade mark from a date before:

(a) the use of that other trade mark by the registered proprietor or his predecessor in business or by a registered user; or

(b) the registration of that other trade mark by the registered proprietor or his predecessor in business,

whichever is the earlier.

Section 25. Registration

(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

(2) An application shall not be made in respect of goods or services comprised in more than one class.

(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, amendments, modifications or limitations, if any, as he may think right to impose.

(4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving at the same.

(5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.

(6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the applicant and the Registrar, and shall make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, the application is to be accepted.

(7) The appeal shall be heard on the material stated by the Registrar to have been used by him in arriving at his decision and no further grounds of objection to the acceptance of the application shall be allowed to be taken by the Registrar other than those so stated except by leave of the Court.

(8) Where any further grounds of objection are taken the applicant shall be entitled to withdraw his application without payment of costs on giving notice in the prescribed manner.

(9) The Registrar or the Court, as the case may be, may at any time, whether before or after acceptance, correct any error in or in connection with the application or may permit the applicant to amend his application upon such terms as he or it may think fit.

A (10) Any application submitted and accepted under this section shall notwithstanding any correction or amendment permitted by the Registrar or the Court to be made in such application be deemed to have been made on the date of its original submission.

(11) (Repealed by Act A1078).

B (12) Without prejudice to subsection (10) where after the acceptance of an application for registration of a trade mark but before the registration of the trade mark the Registrar is satisfied:

(a) that the application has been accepted in error; or

C (b) that in the special circumstances of the case the trade mark shall not be registered or shall be registered subject to additional or different conditions or limitations, the Registrar may withdraw the acceptance and proceed as if the application had not been accepted or, in respect only of a trade mark which shall be registered subject to additional or different conditions or limitations, reissue a new

D acceptance subject to additional or different conditions or limitations.

Section 35. Rights given by registration

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark)

E in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

(2) Where two or more persons are proprietors of registered trade marks

F which are identical or nearly resembling each other rights of exclusive use of either of those trade marks are not (except so far as their respective rights have been defined by the Registrar or the Court) acquired by any one of those persons as against any other of those persons by registration of the trade mark but each of those persons have the same rights as against other persons (not being registered users) as he would if he were

G the sole registered proprietor.

Section 44. Alterations of registered trade mark

(1) The registered proprietor of a trade mark may apply in the prescribed manner to the Registrar for leave to add to or alter the trade mark in any manner not substantially affecting the identity thereof and the Registrar

H may refuse leave or may grant it on such terms and subject to such limitations as he may think fit.

(2) The Registrar may cause an application under this section to be advertised in the prescribed manner in any case where it appears to him that it is expedient to do so, and if within the prescribed time from the

I date of the advertisement any person gives notice to the Registrar in the prescribed manner of opposition to the application, the Registrar shall, after hearing the parties if so required, decide the matter.

(3) A decision of the Registrar under this section is subject to appeal to the Court.

(4) Where leave under subsection (1) is granted the trade mark, as altered, shall be advertised in the prescribed manner unless it has already been advertised in the form to which it has been altered in an advertisement under subsection (2).

**[37]** Allowing trade marks to be registered creates a revenue for the Government as well as provides employment to many professionals as well as others to get trade marks registered in an orderly fashion to avoid confusion. Sections 20, 25, 35, 44, etc. of the TMA 1976 and **s. 45 paves way for registration in the best acceptable manner**. Proper reliance of applicants on these sections or directions by court to the Registrar may be one way to arrest convoluted jurisprudence in this area of law. In the instant case, regrettably the said sections were not resorted to by the parties before the Registrar of trade marks, the High Court as well as before us in the right perspective. (emphasis added).

**Trade Mark and Exclusive Right**

**[38]** The registration of trade mark does not guarantee its validity or exclusiveness, *per se*. However, registration gives the owner exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions etc. in the Register (see s. 35 of the TMA 1976). An aggrieved person can seek the assistance of the court to rectify the Register to expunge or **vary any entry in the register** (see s. 45 of the TMA 1976). (emphasis added). Section 35 read with s. 45 gives power to the court *in lieu* of expunging to vary any entry. However, the relevant parties must apply. It is a sort of saving provision for competing interest. (emphasis added).

**[39]** In *McCurry Restaurant (KL) Sdn Bhd v. McDonald's Corporation* [2009] 3 CLJ 540; [2009] 3 MLJ 774 among the issues debated were whether - (i) the plaintiff had monopoly in use of the prefix 'Mc' on signage or in conduct of its business and (ii) the defendants had sought to obtain unfair advantage from using the prefix 'Mc'. Gopal Sri Ram JCA (as he then was) held:

First, you have to look at the plaintiff's mark or get-up or logo-call it what you will - as a whole and not merely one element in it. The plaintiff's get-up consists of a distinctive golden arched 'M' with the words McDonalds against a red background. The defendants' signboard carried the words 'Restoran McCurry' with the lettering in white and grey on a red background with a picture of a chicken giving a double thumb up and with the wording 'Malaysian Chicken Curry'. Thus, the defendant's presentation of its business style and get-up which is distinctively different from that of the plaintiff. Second, as I have already said, the item of food available at the plaintiff's outlets all carry the prefix 'Mc'. However, as

A evident from the defendant's menu card none of the food items served carries the prefix Mc. This is an important consideration. Third, it is beyond dispute that the type of food available at the plaintiff's outlets is very different from that served at the defendant's sole outlet … The learned trial judge in her judgment appears to have been influence by the decision of the hearing office in the United Kingdom trademark registry, in the matter of application No 1412458 … to register the mark McIndian. There, the hearing office found for McDonalds on the ground that marks all employing the prefix 'Mc'. However, what the learned trial judge in the present instance appears to have overlooked is the fact that McIndian not only sold Indian food, but also southern fried chicken, cheeseburger, french fries and shakes which are very items that McDonalds also sell … In my judgment the irresistible inference to be drawn from the totality of the evidence is that the defendant's signboard would not result in reasonable persons associating McCurry with the plaintiff's mark.

**Infringement**

D **[40]** What amounts to infringement of trade mark is set out in s. 38 and what acts do not constitute infringement is set out in s. 40 of the TMA 1976. As a general rule, trade mark will be infringed if a person, in the course of trade, in relation to the same goods for which the mark is registered, uses without authority, the same mark or a deceptively similar mark.

E **[41]** In respect of infringement s. 38 of the TMA 1976 states:

38 Infringement of a trademark

(1) A registered trademark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which identical with it or so nearly resembling it as is likely to cause confusion in the course of trade in relation to goods or services in respect of which the trade mark likely to be taken either:

(a) as being use as a trade mark;

G (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or

H (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade.

I

**[42]** What will not amount to infringement is set out in s. 40 which reads as follows: A

Acts not constituting infringement

40. (1) Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark: B

(a) the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;

(b) the use in good faith by a person of a description of the character or quality of his goods or services, and in the case of goods not being a description that would be likely to be taken as importing any reference as is mentioned in paragraph 38(1)(b) or paragraph 56(3)(b); C

(c) the use by a person of a trade mark in relation to goods or services in respect of which he has by himself or his predecessors in business, continuously used the trade mark from a date before: D

(i) the use of the registered trade mark by the registered proprietor, by his predecessors in business or by a registered user of the trade mark; or

(ii) the registration of the trade mark, E

whichever is the earlier;

(d) in relation to goods connected in the course of trade with the registered proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user in conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it or has at any time expressly or impliedly consented to the use of the trade mark; F

(dd) the use by a person of a trade mark in relation to goods or services to which the registered proprietor or registered user has at any time expressly or impliedly consented to; G

(e) the use of the trade mark by a person in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of trade mark is to indicate otherwise than in accordance with the facts a connection in the course of trade between any person and the goods or services; and H

(f) the use of a trade mark, which is one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration as provided by this Act. I

A (2) Where a trade mark is registered subject to conditions, amendments, modifications or limitations, the trade mark is not infringed by the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in in a place or in relation to goods to be exported to a market or in relation to services to be provided in a place or in any other circumstances to which having regard to those conditions, amendments, B modifications or limitations the registration does not extend.

**[43]** In dealing with s. 38, Zulkefli b Ahmad Makinudin J (as he then was) in *Hu Kim Ai & Anor v. Liew Yew Thoong* [2004] 5 CLJ 515; [2004] 7 MLJ 590; [2005] 6 AMR 363 held on the facts, *inter alia*, as follows:

C In using the 'Five Stars Device' trademark, the defendant used a trademark, which was identical in every sense with the plaintiff's registered trademark with the exception of the word 'Blansacar'. The defendant copied the exact stylised design of the plaintiffs' trademark, the arrangement of the five stars and the position of the 'Five Stars Device'. The evidence adduced further shows that there was actual confusion D caused by the defendant's offending watches as it so nearly resembles the plaintiffs' registered trademark and as both watches were also referred by the same Chinese characters 'Wu Xing Shang Jiang', it would be difficult for buyers who do not understand English to differentiate between the two watches. It was also not disputed that the plaintiff's registered trademark and the defendant's trademark were both applied to and used E on watches. On the evidence, the defendant had therefore infringed the plaintiffs' registered trademark as the elements for infringement of trademark laid down in s. 38 of the Act had been fulfilled.

(See *Yomeishu Seizo Co Ltd & Ors v. Sinma Medical Products (M) Sdn Bhd* [1996] 2 BLJ 142; [1996] 2 MLJ 334; [1996] 3 AMR 3058; *Aristoc Ltd v. Rysta Ltd* F *& Anor* (1945) 62 RPC 65).

**General Defences**

**[44]** The learned author P Narayanan 2009 summarises the general defences in trade mark cases as follows: (i) The plaintiff has no title to sue; G (ii) Registration of the mark is not valid and is liable to be expunged; (iii) The use of the mark complained of is not an infringement of the registered trade mark; (iv) In the case of part B registration, the issue complained is not likely to deceive or cause confusion; (v) The defendant has a statutory right to use the mark by virtue of concurrent registration; (vi) The H defendant's use is prior to the registration and use of the plaintiff; (vii) The defendant has a right to use by virtue of honest concurrent use; (viii) The defendant is using the mark *bona fide* for descriptive purposes or he is *bona fide* using his own name or that of his place of business, or the name or the name of the place of business of his predecessors in business. This does not apply to use of the name as a trade mark; (ix) The plaintiff's mark has become I the common name of the goods or has become common to the trade; and (x) The plaintiff is debarred from suing or claiming the reliefs sought by his

own conduct, for example, the plaintiff's trade is fraudulent, or his trade mark is deceptive, or he is **guilty of estoppels, acquiescence, laches or abandonment of the mark**. (emphasis added). (See *Keep Good Feel Corp Sdn Bhd & Anor v. Pharma World (M) Sdn Bhd & Ors* [2009] 1 LNS 843; [2010] 1 MLJ 242)

**Section 45 of TMA 1976**

**[45]** Section 45 of the TMA 1976 application relates to a rectification and variation of the Register. That application can only be made by an aggrieved person. Section 45 of the TMA 1976 reads as follows:

> Section 45. Rectification of the Register
>
> (1) Subject to the provisions of this Act:
>
> (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit;
>
> (b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;
>
> (c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;
>
> (d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly.

**[46]** Section 45 relief, is a discretionary relief and cannot be claimed as of right when plausible defences as summarised by the learned author P Narayanan which are within the spirit and intent of s. 40 of the TMA 1976 can be established by the defendant. Case laws which have not made out the distinction must be read with caution. Delay in making a s. 45 application without explaining the delay may be fatal when the applicant's primary aim is alleged to protect his interest, ie, to say he is an aggrieved person. It all depends on the facts and special circumstances of the case and when the competing interest emerged. The court is also vested with powers on appropriate applications of parties to **'vary' the trade mark as it thinks fit. This provision is meant to be a 'win win' situation for genuine traders to eliminate confusion**. (emphasis added).

**[47]** There are a number of cases which attempts to demonstrate who may fall into the category of aggrieved persons. It also depends on the facts and circumstances of the case. For example, in *Prestige Housewares (India) Ltd v. Prestige* [2000] PTC 513 (Mad), the Indian Court has held that mere intention to use the same mark will not qualify a person as being aggrieved for the purpose of rectification. The courts in Malaysia have held that to be an aggrieved person, the applicant must have used his mark as a trade mark or has a 'genuine and present intention' to use the mark as a trade mark in the course of a trade, or one who has a legal interest or is being substantially affected by the presence of the registered trade mark. The judgment of the Federal Court by Zaharah JCA (as Her Ladyship then was) in the case of *Liwayway Marketing Corporation v. Oishi Group Public Company Limited* [2016] 1 LNS 400 is instructive. (See *McLaren International Limited v. Lim Yat Meen* [2009] 4 CLJ 749; *Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2010] 5 CLJ 975; *LB (Lian Bee) Confectionery Sdn Bhd v. QAF Ltd* [2012] 2 MLRA 211; *Oishi Group Public Company Limited v. Liwayway Marketing Corporation* [2015] 2 CLJ 1121; [2015] 2 MLRH 132).

**[48]** The courts in India had made a distinction in relation to a trader in India and one outside India. And the Indian courts have held that if the applicants do not trade with India in respect of the goods concerned, they may not be considered as persons aggrieved. (See *Wells Fargo Trade Mark* [1977] RPC 94 503). Learned author P Narayanan captures the point as follows:

> The question whether the parties are trade rivals must be judged in the context of the business carried on in India by the applicants compared with the trade of manufacturing or dealing in the goods covered by the registration sought to be rectified. **Thus, if the applicants do not trade with India in respect of the goods concerned they may not be considered as persons aggrieved**. (emphasis added).

### Sections 14 And 19 Of TMA 1976

**[49]** If the applicant establishes that he is an aggrieved person, then the court must look at the merits of the application. In the instant case, ss. 14 and 19 which deal with prohibition of registration will be applicable. Section 14 is wider in application, in contrast to s. 19. Section 14 of the TMA 1976 reads as follows:

> Section 14. Prohibition on registration
>
> (1) A mark or part of a mark shall not be registered as a trade mark-
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;
>
> (b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;

(c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation;

(d) if it is identical with or so nearly resembles a mark which is well known in Malaysia for the same goods or services of another proprietor;

(e) if it is well known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for:

Provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well known mark, and the interests of the proprietor of the well known mark are likely to be damaged by such use;

(f) if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the mark for such goods in Malaysia is of such a nature as to mislead the public as to the true place of origin of the goods; or

(g) if it is a mark for wines which contains or consists of a geographical indication identifying wines, or is a mark for spirits which contains or consists of a geographical indication identifying spirits, not originating in the place indicated by the geographical indication in question.

(2) Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement shall apply for the purpose of determining whether a trade mark is a well known trade mark.

Section 19 of the TMA 1976 reads as follows:

Section 19. Identical trade marks

(1) No trade mark shall be registered in respect of any goods or description of goods:

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or

(b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

(2) No trade mark shall be registered in respect of any services or description of services:

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same services or description of services or in respect of goods that are closely related to those services; or

A (b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

(3) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

B

(a) such applications are in respect of the same goods or description of goods; or

(b) at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods, the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

C

(4) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

D

(a) such applications are in respect of the same services or description of services; or

(b) at least one of such applications is in respect of services and the other or others is or are in respect of goods closely related to those services, the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

E

**[50]** In dealing with s. 14(1)(a), the Federal Court in *Yong Teng Hing b/s Hong Kong Trading Co & Anor v. Walton International Ltd* [2012] 6 CLJ 337, *inter alia*, held as follows:

F

> [25] The objective and purpose of s. 14(1)(a) of the Act is to protect the public and consumers from instances of confusion or deception as a result of the use of two similar marks. *Thus, under s. 14(1)(a) of the Act, a mark shall be refused registration if use thereof is likely to deceive or cause confusion to the public notwithstanding that it is the result of use of an earlier identical or similar mark, whether registered or not in Malaysia and which is being used in relation to good or services which may be different from that sought to be registered*. (emphasis added).

G

**[51]** If the applicant is relying on s. 14(1)(a), it is not sufficient to establish similarity of marks itself. The similarity must result in a likelihood of confusion or deception. (See *Yong Teng Hing Hong Kong Trading Co & Anor v. Walton International Ltd* [2012] 6 CLJ 337; *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd* [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344; [1992] 2 MLJ 63; *In the Matter of An Application by the Pianotist Company Ltd for the Registration of A Trade Mark* [1906] 23 RPC 774].

H

I

### *Pianotist* Test

**[52]** '*Pianotist* test' whether applied for purpose of ss. 14 or 19 is one of common sense with much objectivity as well as flexibility anchoring on the type of customers and/or consumers as well. That is to say, customers objectively will not succumb to imitation products and/or its like when they are well informed and/or literacy level is high. In *Keep Good Feel Corp Sdn Bhd & Anor v. Pharma World (M) Sdn Bhd & Ors* [2009] 1 LNS 843; [2010] 1 MLJ 242, Hamid Sultan JC (as he then was) anchored this proposition and held on the facts of the case:

> 2. The increased literacy level of the Chinese community in Malaysia at the age group of purchasing gynaecological products such as those offered by the plaintiffs and defendants, was sufficient for them to identify and distinguish the plaintiffs' and defendants' product. As such there was no basis for the plaintiffs' complaint of passing off or cause of action for malicious falsehood and slander of goods or infringement of trade mark by relying on old common law cases on passing off to initiate proceedings.

**[53]** On similar issues as in the instant case, the Court of Appeal in a lengthy judgment, in the Singapore case of *Staywell* dealt with issues such as strikingly similar, confusion and foreign business seeking to establish goodwill in Singapore. The contest was between an Australian Company (Staywell) and an American related company (Sheraton and Starwood). The Australian Company applied to register their trade marks 'PARK REGIS' which was widely used in Australia and New Zealand for hotel business but not in Singapore. The American Company using the trade marks 'ST. REGIS' was operating hotel business in many countries including Singapore. PARK REGIS trade marks were opposed by the American Company. The Registrar of trade marks took the view that the competing marks and services were similar and ruled that there was likelihood of confusion and refused registration. On appeal to the High Court, the court agreed that the competing marks sounded alike and conceptually may be similar, ruled that these marks will not cause confusion. The court went to differentiate the services of the parties and took note that Staywell was operating a 4 star business hotels and Starwood Group was operating a 6 star luxury hotels. On appeal to the Court of Appeal, the court ruled that there was sufficient likelihood of confusion by reason of the similarity of the competing marks and the relevant services and sustained the opposition. The lengthy case had been admirably summarised in the 'Legal Bulletin', May 2014 (Allen & Gledhill by Dr Stanley Lai SC; Vignesh Vaerhn) which we partly reproduced as follows:

> Decision below
>
> The Principal Assistant Registrar (the "PAR") allowed part of the opposition, finding that the competing marks and the parties' services were similar, and that such similarity resulted in a likelihood that the public would be confused into thinking that the Park Regis Singapore was

A economically linked to the ST. REGIS Singapore. The PAR also found that the ST. REGIS mark was not "well known to the public at large in Singapore" and that the opponents were unable to show that goodwill attached to the ST. REGIS Singapore at the date of the application. The High Court disagreed that there would be a likelihood of confusion resulting from the similarity of the competing marks and the similarity of
B the parties' services and as a result, the applicant mark was allowed to proceed to registration. The opponents appealed. Staywell also appealed against the decision of the High Court judge (the "judge") on aural and conceptual similarity between the competing marks.

Issues before the Court of Appeal

C The Court of Appeal identified the issues before it as whether the judge had erred in finding that the competing marks were aurally and conceptually similar, whether a likelihood of confusion arose from the similarity between the competing marks and the parties' services ("similarity and confusion grounds"), whether the use of the applicant
D mark in relation to hotel services was likely to damage the opponents' interest, and whether there was goodwill in the ST. REGIS Singapore as at the date of the application ("interest and goodwill grounds").

Aurel and conceptual similarity

The Court of Appeal agreed with the step-by-step approach as applied in
E *The Polo/Lauren Co, LP v Shop in Department Store Pte Ltd* [2006] 2 SLR(R) 690. Under the step-by-step approach, the three requirements of similarity of marks, similarity of goods or services, and likelihood of confusion arising from the two similarities, are assessed systematically. The court here noted that the first two elements are assessed individually and the final element is assessed "in the round".

F The court noted that in relation to assessing marks as a whole, case law both in Singapore and elsewhere has stated that the "visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components".

G Staywell argued that the judge had erred in considering the dominance of "REGIS" because the opponents had never used or registered the component "REGIS" alone. The Court of Appeal disagreed, stating that a component can be dominant even if it is part of the mark as whole and is not and has never been used on its own. The Court of Appeal agreed with the judge's finding that the marks had aural similarity, finding that
H there was a high degree of such similarity because of the distinctiveness of the common "REGIS" component and that it stood out in the recollection of the consumer.

Unlike the aural analysis, which involves the utterance of the syllables without exploring the composite meaning embodied by the words, the
I conceptual analysis seeks to uncover the ideas that lie behind and inform the understanding of the mark as a whole. The court found that "REGIS", with its connotation of royalty, was not a dominant component

on a conceptual analysis but that there was a conceptual similarity between the marks based on the evocation of geographical places or locations. The prefix "ST" has a saintly connotation but in Singapore is most commonly seen in names of places (roads, schools, condominiums) and the term "Park" as used in the applicant mark can also refer to geographical locations.

The Court of Appeal therefore held that the marks had a fair degree of conceptual similarity.

The Court of Appeal disagreed with the judge's finding that the difference in hotel star rating between the parties was significant. Staywell's hotels are generally rated four-star whereas the opponents' hotels are six-star. The court found that this difference did not change the fact that they offer similar goods and services.

Likelihood of confusion

The Court of Appeal noted that the parties were offering products which were not qualitatively different. This, together with the findings of aural and conceptual similarity, led the court to conclude that it was not unlikely for the public to be induced by the similarity of the marks and the common industry in which they are used into believing that there is at least some economic link between the ST. REGIS Singapore and the Park Regis Singapore. This was especially so as it is common for large hotel chains to operate differently branded hotels carrying different logos, united only by the use of a common denominator in their names, such as "Regis".

The court found that there was a sufficient likelihood of confusion due to the above.

The court also took the opportunity to confirm that the doctrine of "initial interest confusion" is not part of Singapore law. This doctrine refers to confusion which arises initially but which would have been dispelled by the time of the purchase - such confusion may or may not lead to the consumer purchasing the good. The court held that this is not currently part of Singapore law and nor should it be as it would be inconsistent with Singapore's statutory scheme and objectives.

Interest and goodwill grounds

Damage to opponents' interest

The opponents argued that there was likelihood of damage to their interests as it would limit or preclude their ability to expand into the four-star hotel market in Singapore. The High Court judge had agreed with Staywell, finding that there was no basis for finding that the opponents' as yet non-existent expansion plans were likely to be prejudiced. The Court of Appeal disagreed, noting that where the field in which the defendant or applicant operates is in close proximity to, or is a natural extension of, the incumbent's business, damage in the form of a restriction of business expansion opportunities will more readily be inferred.

A Goodwill and passing off

The High Court judge refused the opposition on the basis of passing off. A mark may be refused registration because its use would result in liability for the tort of passing off. To demonstrate passing off, goodwill, misrepresentation and damage must be proven. In Singapore, it has been B well-established that such goodwill must exist in Singapore as at the date of the application for the registration of the later mark.

In this case, Staywell had filed its application for registration of the applicant mark one month prior to the opponents' ST. REGIS hotel opening in Singapore. A month after the opponents' hotel had opened, the application was accepted and published for opposition purposes. C Staywell's hotel, the Park Regis Singapore, only opened for business two and a half years after the application filing.

The opponents argued that the activity conducted prior to the official opening of the ST. REGIS Singapore constituted relevant pre-trading activity whereas Staywell contended that they were "mere preparations to D trade". The Court of Appeal disagreed with Staywell, noting that pre-trading activity need not be revenue-generating and this is consistent with goodwill which is not focused on the income of the trader *per se* but the response of the consumer. The pre-trading business or pre-business activities should unequivocally evince the intention of the trader to enter into the Singapore market. To show goodwill, the pre-business activities E should also generate an attractive force that will bring in custom when the business eventually materialises.

The Court of Appeal found that the opponents' securing of restaurant tenants and hiring of employees did not constitute relevant pre-trading activities because such activities did not inform and attract the public to F consume the opponents' hotel and dining services. The opponents' advertisements promoting the ST. REGIS brand in general and the opening of the ST. REGIS hotel in particular were also found, on their facts, to be insufficient to generate an attractive force that would bring in custom in Singapore at the date of the application.

G The opponents also argued that there was goodwill in the ST. REGIS hotel in Singapore prior to its launch by virtue of the international reputation of the ST. REGIS brand, coupled with the presence of Singapore customers who had used ST. REGIS hotels abroad. The Court of Appeal considered the position in a variety of jurisdictions, noting that for instance in the United Kingdom a foreign trader can claim goodwill H only when he has customers in the country and bookings for its services made within the country. The opponents were unable to prove that the room bookings for the ST. REGIS hotels abroad had originated in Singapore thus generating goodwill in the opponents' mark in Singapore.

Judgment

I The Court of Appeal, whilst not accepting that the tort of passing off had been committed, allowed the opponents' appeal on the basis of similarity of the marks and the goods and services provided, all of which were likely to cause confusion.

**[54]** The instant case has many issues which were similar to *Staywell* case save that the Singapore decision was related to an opposition proceeding and the present appeal relates to a s. 45 proceeding, where the court is given wide discretion to allow or permit competing interest to continue to co-exist if necessary by directing variations, etc. What is an important consideration under s. 45 is for the court to make a just decision taking a holistic approach with full appreciation of ss. 20, 25, 35, 44, etc. of the TMA 1976. As said earlier, the scheme of TMA is not to give monopoly to trader but in respect of competing interest not to dilute the registered trade marks of the first user and/or his goodwill (genuine trader not tortfeasor) and where permissible under the Act to sustain registration of competing interest by varying such entry as the court thinks fit. Sections 20, 25, 35, 44 and 45 advocates an inclusive approach but the discretion must be exercised judicially and where variation is ordered by the High Court, proper direction may also need to be given to the parties as well as the Registrar of trade marks to comply with procedural steps in relation to the varied mark to be advertised, etc. to ensure that third parties' right are not affected by the said variation.

**[55]** In *Auvi Pte Ltd v. Seah Siew Tee And Another* [1991] 2 SLR(R) 786, a copyright holder of AUVI logo had applied to expunge the respondents' AUVI mark which had been registered. Once the applicant became aware of the registration, they promptly applied to expunge the trade mark. The respondents' counsel submitted that the court was not obliged to expunge the mark and it had the power to make such variation to the registered mark as it deemed fit and urged the court to exercise its discretion and vary the mark to consist simply of the four letter "AUVI", ie, a work mark. On the facts, it was established that the respondents were infringers, ie, tortfeasors and not a genuine trader as the credibility of the respondents conduct was seen in the negative. The court refused to entertain a variation request. Chao Hick Tin J (as His Lordship then was) had this to say:

> 70. To vary a mark from a device mark to a word mark would involve a change which substantially affects the identity of the mark. The appearance would clearly be different. It would amount to allowing a new mark to be entered on the register without giving third parties a chance to oppose. 1 am not prepared to let the respondents have the exclusive right to use the four letters, AUVI, without requiring them to go through the normal process. In any event, in the light of what I have said above, the respondents have not even made out a case for the court to exercise its discretion in their favour.

**[56]** In our view, the 'customer' or 'consumer' approach can be the most decisive factor to decide on issues related to deception or confusion, in considering the provision of s. 14 and/or 19 of the TMA 1976. TMA 1976 in essence, is not an Act intended to give monopoly for a particular trader. Section 14 and/or 19, etc. is aimed at arresting deception or confusion among the public to the advantage of a tortfeasor (and/or even a genuine

trader from overseas) attempting to legitimise his trade mark to the disadvantage of another lawful user already in place. As said earlier, our ss. 20, 25, 35, 44 and 45 may allow two competing traders to register or sustain its registered trade mark with suitable variations to eliminate confusion. It can be safely said that the policy of the Malaysian Trade Marks Act is to accommodate registration *albeit* where necessary with modification or variation of the competing trade marks strictly within the parameters of the Act. In dealing with s. 57 of the Indian Trade Marks Act, which is similar to our s. 45, P Narayanan observes:

> The phrase "the tribunal may make such order as it may think fit" in s. 57 clearly shows that the exercise of the jurisdiction under the section is discretionary. This jurisdiction arises only after establishing the following facts required under the section:
>
> (1) that the applicant is a person aggrieved; and
>
> (2) that the registered proprietor has contravened or failed to observe a condition entered on the register; or
>
> (3) that the entry was made without sufficient cause; or
>
> (4) that the entry wrongly remains on the register; or
>
> (5) that there is an error or defect in the entry.
>
> When facts (1) and (2) are established, the tribunal may make such order as it may think fit for cancelling or varying the registration of the trade mark. When facts (1) and any of the facts (3), (4) or (5) are established the tribunal may make such order for making, expunging or varying the entry as it may think fit. In either case the tribunal has a discretion to rectify or not to rectify.

**[57]** We have read the appeal record and the detailed submission of learned counsel. After much consideration to the submission of the respondent, we take the view that the appeal must be allowed. Our reasons, *inter alia*, are as follows:

(a) In the instant case, the Saudi Company has not satisfied the threshold requirement of an aggrieved person. Who is an aggrieved person is a question fact. In the instant case, the respondent is a Saudi Company who had never operated any business in relation to the trade marks in issue in Malaysia.

(b) Taking a common sense approach, there could not be a confusion of the Saudi Company goods or services in Malaysia, etc. for any reasonable tribunal probably appraised with the facts of the case as well as the wealth of jurisprudence in this area of law which we have partly set out earlier to come to a conclusion that 'he is an aggrieved person', entitled to the relief. It must be stated here, to qualify as an aggrieved person to

have *locus* to file the action requires only a low threshold for the applicant to demonstrate. However, to obtain the reliefs, the threshold is high within the spirit and intent of TMA 1976 and case laws. This distinction must be kept in mind.

(c) There is merit in the Egyptian Company's assertion based on the fact that it was trading using its trade marks in Malaysia for considerable time as opposed to the Saudi Company to say that it has acquired distinctive goodwill and reputation in its mark in Malaysia. We do not think the issue of confusion will at all arise in relation to Malaysian public when the Saudi Company was not trading in Malaysia. In consequence, it is unnecessary to decide on this issue, save to say if the Saudi Company is allowed to trade as per the trade marks confusion will arise to the detriment of the Egyptian Company as the Saudi Company's trade marks will be caught by three concepts which we had stated earlier, to conclude a case for 'confusion'.

(d) In addition, the affidavit in reply of the Egyptian Company raises a number of defences which will deny the Saudi Company's application. These defences have been set out earlier, citing the learned author P Narayanan. The facts here are obvious and we do not think it is necessary to set out the relevant defences that the Egyptian Company had established. The issues such as goodwill or passing off, will be irrelevant to the facts of this case taking into consideration that the Saudi Company was not trading in Malaysia. If anyone has acquired goodwill and reputation in Malaysia, it is more likely to be the Egyptian Company. The issue of bad faith was also not made out in this case.

(e) Further, the Saudi Company, notwithstanding the fact that they have registered their trade marks as early as 1987, they have failed to take any action promptly against the appellant, thereby the concept such as 'guilty of estoppels, acquiescence, laches or abandon of the mark' as advocated by learned author P Narayanan above will kick in. In consequence, the trial court ought to have dismissed the Saudi Company's application under s. 45 of the TMA 1976 at *limine* or should have upon the application of the relevant party entertained an application to vary to avoid confusion, if it is just to do so.

***En Passant***

**[58]** Variation in cases related to genuine traders (not tortfeasors) may have been a just option in this case but parties have not resorted to it. For example, adding a prefix (as underlined) <u>*Saudi*</u> ALBAIK or <u>*Egyptian*</u> AL BAIK may have resolved the issue of confusion and allowed both parties to trade with the variation and with direction for appropriate registration procedure through the Trade Mark Registry. The approach is one related to common

sense but was not resorted to, despite the fact that the Act paves way for such variation, etc. (See *AUVI* case). The fact that one mark is expunged is also a loss of revenue for the Government.

**[59]** For reasons stated above, we will allow the appellant's (Egyptian Company) appeal in suit No. 401 with costs of RM10,000 subject to allocatur. The order of the High Court is to be set aside. Deposit is to be refunded. We hereby order so.

**Appeal No. '1653'**

**[60]** This appeal is related to the facts of the above case. In appeal No. '401', it is not in dispute that the Saudi Company did not use its trade marks in Malaysia to operate its business. As a result of non-use the Egyptian Company had filed the application under s. 46 of the TMA 1976 to remove the Saudi Company's trade marks and was allowed by the learned trial judge.

**[61]** It must be said here that when there is an application under ss. 45 and 46 between two competing claim in respect of identical trade marks, it will be prudent exercise of court's discretion to hear s. 46 application first. In the event where s. 46 application is allowed, then the s. 45 application may become academic. In this case, we have a situation that the decision of the High Court by allowing a s. 45 application by the Saudi Company and a s. 46 application by the Egyptian Company had led to, both the Saudi and the Egyptian companies' trade marks being not protected under the Trade Marks Act 1976.

**[62]** The Egyptian Company had made the application pursuant to s. 46(1)(a) and/or (b) of the TMA 1976 on the grounds of non-use of "ALBAIK" trade mark. The orders sought were for the Saudi Company's trade marks to be removed and/or cancelled from the Trade Marks Registry, namely:

(a) Trade Mark Registration No. 97017036 for "Chicken device" in Class 29 filed on 25 November 1997;

(b) Trade Mark Registration No. 97020468 for "Chicken device" in Class 43 filed on 1 December 1997;

(c) Trade Mark Registration No. 97020470 for "ELBAIK device" in Class 43 filed on 1 December 1997;

(d) Trade Mark Registration No. 08005624 for "ELBAIK device" in Class 30 filed on 24 March 2008;

(e) Trade Mark Registration No. 08005628 for "ALBAIK and Chicken device" in Class 43 filed on 24 March 2008;

(f) Trade Mark Registration No. 08005626 for "Chicken device" in Class 30 filed on 24 March 2008;

(g) Trade Mark Registration No. 08005629 for "ALBAIK and Chicken device" in Class 43 filed on 24 March 2008; and

(h) Trade Mark Registration No. 08005631 for "ALBAIK stylized device" in Class 16 filed on 10 October 2013.

The learned trial judge allowed the Egyptian Company's application and hence this appeal.

**[63]** The memorandum of appeal of the Saudi Company reads as follows:

1. The Learned High Court Judge erred in law and fact by granting the order in paragraph 1 of the High Court Order dated 7/9/2015 even though the Respondent did not apply and did not plead for the said order in the original Originating Summons dated 8/12/2015 (Bahasa Malaysia formal version) and in so doing the Learned High Court Judge has made a decision on a matter not pleaded.

2. The Learned High Court Judge erred in law and fact by holding that the Respondent is an aggrieved person under Section 46(1) of the Trade Marks Act 1976 and in so doing the High Court failed to appreciate that the Respondent is not an aggrieved person and/or has no legal rights as an aggrieved person and/or is not the legal aggrieved person by virtue of the *in bonam partem* and *ex turpi causa non oritur actio principles*.

3. The Learned High Court Judge erred in law and fact by deciding that the Respondent is an aggrieved person under Section 46(1) of the Trade Marks Act 1976 and in so doing failed to appreciate that (i) the Respondent uses a trademark which is identical to or so nearly resembling the Appellant's earlier registered trade marks as is likely to deceive or cause confusion and this matter was affirmed by the decision of the High Court itself in Suit No. 24IP-17-04/2014, (ii) the Respondent uses the Respondent's trade marks in question through a franchise system where the said franchise, the Respondent's franchisees and the Respondent itself as the franchisor are not registered under the Franchise Act 1998 and therefore the Respondent and its franchisees has committed criminal offences under the Franchise Act 1998 and the Respondent's said use of the Respondent's said trade marks are illegal, and (iii) the Respondent has no *locus standi*, is not entitled to gain any benefit from its said illegal use and the Respondent cannot therefore be a person aggrieved under Section 46(1) of the Trade Marks Act 1976.

4. The Learned High Court Judge erred in law and fact by holding that the Respondent's trade marks no. 05013291 and 05013292 which were expunged in Suit No. 24IP-17-04/2014 on the 5/2/2015 by the same High Court are Certification Trademarks under Section 56(3) of the Trade Marks Act 1976 where the said Section gives the Respondent the exclusive right to use the Respondent's said trade marks as a Certification Trade mark even though the Respondent's said 2 trade marks are Not Certification Trade marks under Section 56 of the Trade Marks Act 1976 and Section 56(3) of the Trade Marks Act 1976 is not applicable in the present case.

A 5. The Learned High Court Judge erred in law and fact by deciding that the High Court decision dated 5/2/2015 in Suit No. 24IP-17-04/2014 which expunged the trade mark entries No. 05013291 and 05013292 used by the Respondent and which is identical to or so nearly resembling the Appellant's earlier registered trade marks as is likely to deceive or cause confusion has no effect in the present case because when this action was
B filed in the High Court on the 8/12/2014 (which was later heard on the 4/8/2015) the Respondent has rights as a registered trade mark proprietor under Section 56(3) of the Trade Marks Act 1976 to use the Respondent's said trade marks even though the Expungement Order made by the High Court in Suit No. 24IP-17-04/2014 on the 5/2/2015 has the effect that the
C Respondent's said registered trade marks nos. 05013291 and 05013292 has not been registered on its application/registration date or as if both the said trademark registrations has never been registered on its application/ registration date namely on the 9/8/2005.

6. The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's said registered trade marks under
D Section 46(l)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to appreciate that the Appellant (i) has use of the Appellant's said trade marks as there are references to the use of a printed or other visual representation of the mark under Section 3[2](a) of the Trade Marks Act 1976, and/or (ii) has use of the Appellant's said trade marks as there are
E references to the use thereof upon or in physical relation to the goods under Section 3(2)(b) of the Trade Marks Act 1976, and/or (in) has use of the Appellant's said trade marks in other relation to the goods under Section 3(2)(b) of the Trade Marks Act 1976, and/or (iv) has use of the Appellant's said trade marks in relation to the services namely there are references to the use of the Appellant's said trade marks thereof as a
F statement or as part of a statement about the availability or performance of services under Section 3(2)(c) of the Trade Marks Act 1976.

7. The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's said trade marks under Section 46(l)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the Appellant has use of the Appellant's said trade marks where Malaysians
G know and/or are aware and conscious that the Appellant's trade marks are used in relation to the goods (food and services (restaurant) and thereby the Appellant's trade marks preserve the essential function of a trade mark.

8. The Learned High Court Judge erred in law and fact by deciding
H that there is no use of the Appellant's concerned trade marks under Section 46(l)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to appreciate that the Appellant has use of the Appellant's said trade marks in places where Malaysian visits such as for their Hajj pilgrimage or has visited, and/or even though the Appellant has the relevant goodwill and reputation in Malaysia and/or amongst Malaysians.

I 9. The Learned High Court Judge erred in law and facts when it decided that there the use of a trade mark is limited to or requires the use of a trade mark upon the goods even though Section 3(2) of the Trade Marks

Act 1976 allows the use of a trade mark to consist of use of a trade mark in other relation to the goods such as through advertisement, notice, document or by any other way or other relation which is not limited to the physical goods.

10. The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's trade marks under Section 46(l)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the Appellant's trade marks has been communicated to Malaysians as a trade mark.

11. The Learned High Court Judge erred in law and fact by deciding that there is no use of the Appellant's trade marks under Section 46(l)(a)/(b) of the Trade Marks Act 1976 even though Malaysians know that the Appellant's trade marks are trade marks and are trade marks of the Appellant.

12. The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trade marks under Section 46(1)(a)/(b) of the Trade Marks Act 1976 and in so doing failed to consider that the reason, objective and requirement for use of a trade mark under the Trade Marks Act 1976 is merely to act as a notice or to give notice to the people that the trade mark in question is a Trade mark and in the present case the Appellant has given notice that the Appellant's trade marks in question is a trade mark and is the Appellant's trade marks.

13. The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trade marks in question under Section 46(l)(a)/(b) of the Trade Marks Act 1976 even though the Appellant has advertised or place an advertisement notice in The Star newspaper on the 11/8/2014 (about 4 months before the Respondent filed the action in the High Court on the 8/12/2014) and even though the High Court itself admitted that a use of a trade mark would include use through other relations such as through documents, invoice or advertisement or catalogue or circular.

14. The Learned High Court Judge erred in law and facts by deciding that there is no use of the Appellant's trade marks in question under Section 46(l)(a)/(b) of the Trade Marks Act 1976 even though the Appellant's trade marks in question are Well-Known trade marks and as decided by the High Court in Suit No. 24IP-17-04/2014 and/or as acknowledged by the Respondent's own franchisees in Malaysia.

15. The Learned High Court Judge erred in law and on the facts by allowing the revocation of the Appellant's trade marks in question under Section 46(1) of the Trade Marks Act 1976 even though the said relief is a discretionary relief and the circumstances of this case does not warrant or demand the granting of the said revocation relief under Section 46(1) of the Trade Marks Act 1976 and the Learned High Court Judge in so granting the revocation relief has exercised its discretion incorrectly.

16. The Learned High Court Judge erred in law and facts by deciding that the Respondent is an aggrieved person and there is no use of the Appellant's trade marks in question under Section 46(l)(a)/(b) of the Trade Marks Act 1976 and in so doing the Learned High Court Judge has made a wrong appreciation of the evidence, facts and law in the action.

## Jurisprudence Relating To s. 46 Of TMA 1976 Application

**[64]** Section 45 application relates to expunging, etc. of a registered trade mark on the basis it was entered without sufficient cause, etc. while s. 46 application is related to removal of a registered trade mark on the grounds of non-use, etc. Both sections require the applicant to be an aggrieved person. The said s. 46 of the TMA 1976 reads as follows:

Section 46. Provisions as to non-use of trade mark

(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground:

(a) that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection 26(1), on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being.

(2) Except where an applicant has been permitted under section 20 to register an identical or a nearly resembling trade mark in respect of the goods or services to which the application relates or the Court is of the opinion that the applicant can properly be permitted to register the trade mark, the Court may refuse an application made under subsection (1):

(a) in relation to any goods, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered; and

(b) in relation to any services, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to services of the same description, being services in respect of which the trade mark is registered.

(3) Where in relation to goods in respect of which a trade mark is registered:

(a) the matter referred to in paragraph (1)(b) are shown as far as regards failure to use the trade mark in relation to goods to be sold or otherwise traded in in a particular place in Malaysia (otherwise than for export from Malaysia) or in relation to goods to be exported to a particular market outside Malaysia; and

(b) a person has been permitted under section 20 to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to the use in relation to goods to be sold or otherwise traded in in that place (otherwise than for export from Malaysia) or in relation to goods to be exported to that market, or the Court is of the opinion that that person might properly be permitted to register the trade mark,

the Court may, on application by that person, direct that the registration of the first mentioned trade mark shall be subject to such conditions, amendments, modifications or limitations as the Court thinks proper for securing that that registration shall cease to extend to use of the trade mark in relation to goods to be sold or otherwise traded in in that place (otherwise than for export from Malaysia) or in relation to goods to be exported to that market.

(3A) Where in relation to services in respect of which a trade mark is registered:

(a) the matters referred to in paragraph (1)(b) are shown as far as regards failure to use the trade mark in relation to services provided in a particular place in Malaysia; and

(b) a person has been permitted under section 20 to register an identical or a nearly resembling trade mark in respect of those services under a registration extending to the use in relation to services provided in that place, or the Court is of the opinion that that person might properly be permitted to register the trade mark,

the Court may, on application by that person, direct that the registration of the first mentioned trade mark shall be subject to such conditions, amendments, modifications or limitations as the Court thinks proper for securing that that registration shall cease to extend to use of the trade mark in relation to services provided in that place.

(4) An applicant is not entitled to rely for the purpose of paragraph (1)(b) or for the purpose of subsection (3) or (3A) on any failure to use a trade mark if failure is shown to have been due to special circumstances in the trade and not to an intention not to use or to abandon the trade mark in relation to the goods to which the application relates.

**[65]** The removal of the trade mark may be ordered if the registration had been made without an intention to use or the non-use was for a continuous period of three years, etc. Section 46 of the TMA 1976 is similar to s. 47 of the Indian Trade Marks Act 1999. P Narayanan at p. 489 of the book says:

> Where it is shown that the non-user is due to special circumstances in the trade and not to any intention to abandon or not to use the mark, rectification will not be ordered.

And at p. 495 says:

> For removal of a mark on the ground of non-use the following facts must be first established:
>
> (1) that the applicant is a person aggrieved; and
>
> (2) that in relation to the goods or services in question the trade mark was registered without any *bona fide* intention to use, by the applicant for registration or the company referred to in s. 46, or the registered user as the case may be, and that there has in fact been no *bona fide* use of the mark in relation to those goods or services up to a date three months prior to the date of application; or
>
> (3) that for a continuous period of at least five years prior to three months before the date of application and the date on which the trade mark is actually entered in the register during which the trade mark was on the register, there was no *bona fide* use of the mark in relation to the goods or services.

In respect of *bona fide* intention to use, P Narayanan at pp. 497 and 498 says:

> In order to bring the case within the scope of s. 47(l)(a) it must be shown that the mark was registered without any *bona fide* intention on the part of the applicant for registration to use it by himself or by the company referred to in the clause or by a proposed registered user. Want of intention to use may be inferred from non-use. But in applying s. 47(l)(a), evidence of circumstances other than non-use may be necessary to establish that there was no intention to use. [See *Ramsay'sTM*. [1911] 28 RPC 497 at 508].
>
> The fact that the trade mark was thought to be something which some day might be useful would not amount to any definite and present intention at the time of registration to use that mark. The intention to use the mark must exist at the date of application for registration and such intention must be genuine and *bona fide*. "*Bona fide* intention on the part of the applicant for registration" in s. 47(l)(a) would mean at the date when such applicant makes his application for registration. [See *Dristan* case AIR 1986 SC 137 para 39].
>
> The trade mark "Palm" was registered in respect of prepared meals in class 29. When it was cited against an application for registration of "Palms" as a service mark in class 42 in respect of hotels, restaurants, bars and inns the applicant for registration moved for rectification of the registered mark

on the ground of non-use. The registered proprietors were the owners of a chain of restaurants in the USA and they had never sold prepared meals under their mark. On the date of application for registration there was no provision for registration of service mark in UK. Accordingly the applicant could not have an intention to use "Palm" as a trade mark which in fact could not even be considered as a trade mark. Rectification ordered. [*Palm TM*. [1992] RPC 258 (TMR)].

...

Whether or not a party has *bona fide* intention to use the trade mark as registered must be established as a fact on the material placed on the record. It is not possible to infer it as a matter of law merely from the use of the registered trade mark by the party with an alteration in breach of the conditions of registration. If a condition of registration is broken it may be open to the Registrar to remove the mark for this or any other reason, but not on the ground that the party never had the intention to use the registered trade mark.

**Grounds Of Application By The Egyptian Company**

**[66]** The grounds relied upon was (i) respondent (Egyptian Company) is an aggrieved person; (ii) Saudi Company has registered the marks in bad faith; (iii) Saudi Company did not use 'ALBAIK' trade marks which were registered in Malaysia contrary to s. 46(1)(a) of the TMA 1976; (iv) the mark were not used for continuous period of not less than three years plus one month in relation to the registered goods or services.

**The Saudi Company's Contention**

**[67]** The argument was anchored as follows: (i) Saudi Company is the rightful owner of the trade marks in Malaysia; (ii) Egyptian Company is wrongfully riding on the appellant's goodwill and reputation; (iii) the Saudi Company has used its trade marks in good faith in Malaysia with the relevant and/or material period; (iv) the Egyptian Company is not an aggrieved person.

**[68]** There were some preliminary procedural objections taken by the Saudi Company in respect of the Egyptian Company's originating summons. The learned trial judge had dismissed the preliminary objections and heard the case on merit. In the instant case, we do not wish to dwell with the preliminary objection as we take the view that the judge was correct in hearing the merits of the case.

**[69]** The learned trial judge had written 22 pages judgment and had set out the facts in an articulate manner. The brief reasons for the judgment had been captured in the notes of proceedings as follows:

[1] This is the Plaintiff's application under section 46 of the TMA 1976 to expunge and remove the various trade marks registered in the Defendant's name in various classes.

A [2] To succeed in its application, the Plaintiff must show that it is an aggrieved party and that there has been non-use of the said marks by the Defendant for a continuous period of 3 years up to one month before this application.

B [3] Having perused the affidavits of the Plaintiff, I am satisfied that the Plaintiff is an aggrieved party as the Plaintiff, at the time of filing this application, was the registered owner of trade marks bearing similar marks to that of the Defendant and have been using the trade mark in many jurisdictions, including Malaysia.

C [4] On the issue of non-use, it is not in dispute that the Defendant do not have physical use of their registered marks during the relevant period of three (3) years, between 8.11.2011 - 8.11.2014.

[5] However, it is the contention of the Defendant that the word use must be interpreted liberally and that the fact that many Malaysians are aware of the Defendant's marks in Saudi Arabia can be considered as use of the mark.

D [6] However, I am not prepared to extend the meaning of 'use' liberally and that I of the considered opinion that 'use' in the context of the TMA 1976 must be a genuine physical use of the marks in Malaysia.

[7] Therefore, since there is no genuine physical use of the marks in the relevant period, the application is allowed with costs of RM20,000.00.

E **[70]** It is interesting to note that the learned trial judge for appeal No. '401' on Saudi Company's trade marks took the position that:

[25] Even though there is no evidence of actual use of the Plaintiff's mark in Malaysia, from the affidavits before me, I am of the considered opinion

F that the Plaintiff's marks, which had been registered since 1987 in Saudi Arabia and in other countries is a well known mark amongst those who have visited Saudi Arabia and the holy land, Mecca. Pilgrims from Malaysia would invariably connect the "AL BAIK" trade mark with the Plaintiff, the owner based in Saudi Arabia.

G [26] Therefore, for the First Defendant to register an almost identical trade mark, bearing "AL BAIK" with the smiling chicken device is likely to cause confusion to the public and this contravenes s. 14(1)(a) of the TMA 1976.

**[71]** However, on the same issue of Saudi Company's trade marks in the instant case ruled that:

H [5] However, it is the contention of the Defendant that the word use must be interpreted liberally and that the fact that many Malaysians are aware of the Defendant's marks in Saudi Arabia can be considered as use of the mark.

I [6] However, I am not prepared to extend the meaning of 'use' liberally and that I of the considered opinion that 'use' in the context of the TMA 1976 must be a **genuine physical use of the marks in Malaysia**. (emphasis added).

**[72]** We have read the appeal records and the able submissions of the parties. After giving much consideration to the submission of learned counsel for the Saudi Company, we take the view that the appeal must be dismissed. Our reasons, *inter alia*, are as follows:

(a) In the instant case, the Egyptian Company has registered its trade marks not only in Malaysia but also other countries and is operating businesses in Malaysia using the trade marks. The same cannot be said in respect of the Saudi Company. The term 'aggrieved person' relates to finding of facts, to provide *locus* to maintain the action. The decisions of the courts do not require a high threshold to establish at the first instance that the Egyptian Company is an aggrieved person. Being finding of facts on this issue, the appellate court will be slow to interfere with the findings of the trial court on this issue. The Federal Court's decision of *McLaren International Limited v. Lim Yat Meen* [2009] 4 CLJ 749 though relates to s. 45 will equally apply to s. 46 of the TMA 1976 to satisfy the threshold requirement relating to an aggrieved person. In essence, the applicant is required to prove that he has used his marks as a trade marks or has a genuine and present intention to use his mark as a trade mark in the course of a trade which is similar to the trade of the owner of the registered trade mark. In *McLaren*, the Federal Court cited with approval the decision in *Re Arnold D Palmer In The Matter Of Trade Mark Registration No 63249* [1986] 1 LNS 11; [1987] 2 MLJ 681 where the Singapore High Court held that in order to qualify as a person aggrieved in rectification proceedings, a person must have used his mark as a trade mark or have a genuine and present intention to use his mark as a trade mark in the course of a trade, which is similar to the trade of the owner of the registered trade mark which he seeks to expunge from the Register.

(b) Applying the *Mclaren*'s test, the Egyptian Company is already using its trade mark and is attempting to remove a similar trade mark which the learned trial judge had taken cognisance to say that the Egyptian Company is indeed an aggrieved person. We take the view that the approach taken by the learned judge is methodologically and jurisprudentially correct. The Federal Court in *Mesuma Sports Sdn Bhd v. Majlis Sukan Negara Malaysia, Pendaftar Cap Dagangan Malaysia (Interested Party)* [2015] 9 CLJ 125 held at p. 139:

> [28] A person aggrieved is a person who has used his mark as a trade mark or who has a genuine and present intention to use his mark as a trade mark in the course of a trade which is the same as or similar to the registered trade mark that the person wants to be removed from the register. The person must be someone who has some element of legal interest, right or legitimate expectation in its own mark which is being substantially affected by the presence of the registered mark. The interest or right must be legal or lawful.

(c) We also note that the Saudi Company has failed to show that it has used the marks or has genuine and present intention to use the marks in the course of trade in Malaysia, taking into consideration that the relevant marks were registered as early as 1997 as well as 2008. We must also say, use of trade marks in relation to goods must necessarily mean use on or in relation to the goods. (See *Godrej Sara Lee Ltd v. Siah Teong Teck & Anor (No. 2)* [2008] 7 CLJ 24). The long delay supports the case for 'non-user'. (See *Imperial Group Plc v. Philip Morris Ltd* [1984] RPC 293; *Wooly Bull Enterprises Pte Ltd v. Reynolds* [2001] FCA 261).

(d) The Saudi Company's argument is that the Egyptian Company having infringed the intellectual property of the Saudi Company cannot be classified as an aggrieved person under the principles of construction relating to 'in *bonam partem*'. '*Bonam partem*' literally means in good sense and '*malam partem*' means in a bad sense. The construction in *bonam partem* was explained in the case of *LB (Lian Bee) Confectionery Sdn Bhd v. QAF Ltd* [2012] 3 CLJ 661; [2012] 4 MLJ 20, to say that an infringer of the Act could not be an aggrieved person. The Federal Court, *inter alia*, observed:

> We are in agreement with the learned judge's findings that as an infringer and as to what may be regarded as a "policy" ground, the appellant cannot be regarded as a "person aggrieved" for the purposes of s. 46(1) of the TMA. There is a juristic support for this "policy" approach by the learned judge which was upheld by the Court of Appeal. As a matter of statutory interpretation, the courts have long applied the principle of construction in *bonam partem*. On this point a useful reference can be made to *Bennion on Statutory Interpretation*, 5th edn, Lexis Nexis, 2005 at p. 792 wherein a passage is reproduced as follows:
>
> > Construction in *bonam partem*. In pursuance of the principle that law should serve the public interest, the courts have evolved the important technique known as construction in *bonam partem* (in good faith). If a statutory benefit is given on a specified condition being satisfied, *it is presumed that Parliament intended the benefit to operate only where the required act is performed in a lawful manner. Construction in bonam partem is related to three specific legal principles. The first is that a person should not benefit from his own wrong*. Next is the principle *allegans suam turpitudinem non est audiendus. If a person had to prove an unlawful act in order to claim the statutory benefit this maxim would preclude him from succeeding*. The third related principle is stated by Coke in the words *ubi quid generaliter*

*conceditur inest haec exceptio si non aliquid sit contra jus fasque* (*where a grant is in general terms there is always an implied provision that it shall not include anything which is unlawful or immoral*). (emphasis added).

In accordance with the principle of construction in *bonam partem*, it is noted that the learned trial judge had found that the appellant had been infringing the Registered Trade Mark "Squiggles" since 2007. The registered Trade Mark "Squiggles" was registered on 20 August 2004. Until its expungement, the registered trade mark remains a registered trade mark. In this case, even before the application for expungement, the appellant had unlawfully been using the Infringing Mark "Squiggle" which is confusingly similar to the Registered Trade Mark. Applying the principle of construction in *bonam partem*, the appellant cannot be regarded as being a *bona fide* "person aggrieved" or a person who is lawfully aggrieved for the purposes of s. 46(1) of the TMA. Furthermore, if the appellant is to be regarded as a "person aggrieved" for the purposes of s. 46(1) of the TMA, it would mean that all infringers may apply to expunge the very trade mark they have been infringing and this would be contrary to the time honoured principle of not allowing them to benefit from their very own wrong or unlawful act.

(e) We do not think on the facts of the case in *bonam partem* principle will apply when the Egyptian Company was using its registered trade marks in Malaysia in its trading activities and the Saudi Company was not doing so in Malaysia.

(f) Taking a holistic view of the facts of the case and the fact that the Saudi Company had not used its trade marks for purpose of trade at all, we take the view that the learned trial judge was correct in allowing the Egyptian Company's application.

**[73]** For reasons stated above, we dismiss Saudi Company's appeal No. 1653 with costs of RM10,000 subject to allocatur. Deposit is to be refunded.

We hereby order so.